



# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-91-132

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10 July 1991

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Liu Huaqiu 'Reservations' on UN Arms Communique

OW1007051991 Beijing XINHUA in English  
0458 GMT 10 Jul 91

[Text] Paris, July 9 (XINHUA)—The five permanent members of the United Nations Security Council agreed today to support a weapons of mass destruction-free zone in the Middle East.

A communique, released after a two-day meeting of the five, said that critical steps to this goal include full implementation of the UN Security Council Resolution 687 and adoption by nations in the region of a comprehensive arms control program.

The program includes a freeze and ultimate elimination of ground to ground missiles in the region; submission by all nations in the region of all their nuclear activities to the International Atomic Energy Agency (IAEA) safeguards; a ban on the importation and production of nuclear weapons usable materials and agreement by all states in the region to undertake to becoming parties to the conventional convention as soon as it is concluded in 1992.

Prior to the closing of the meeting, Chinese delegation leader Liu Huaqiu, the deputy Chinese foreign minister, made a reservative speech, saying "we have reservations to some contents of the document."

"It should be specially pointed out that passages in the document about the program in arms transfer and disarmament in the Middle East are not well balanced," Liu noted.

In these passages, he pointed out, countries in the Middle East were asked to do something, but security, balance and stability in the region were not given full considerations. Moreover, countries beyond the region, especially big powers with massive weaponry stockpiles, were not involved.

Neither does the document include the special responsibilities of the big powers and what they should do to maintain security, balance and stability in the region, Liu pointed out.

The five countries confirmed in the communique that they would not transfer conventional weapons in the context that would undermine stability.

Furthermore, they also noted the threats to peace and stability posed by the proliferation of nuclear, chemical and biological weapons, and missiles.

Meanwhile, it said the five "undertook to seek effective measures of nonproliferation and arms control in a fair, reasonable, comprehensive and balanced manner on a global as well as on a regional basis."

They acknowledged that every state has the right of self-defence in accordance with the UN Charter, implying that states have also the right to acquire means to defend themselves.

"In this respect, the transfer of conventional weapons should contribute to the ability of states to meet their legitimate defence, security and national sovereignty requirements and to participate effectively in collective measures requested by the UN for the purpose of maintaining or restoring international peace and security."

The five agreed to hold further meetings periodically to review the arms transfer and nonproliferation issues.

### U.S. Says Iraq Admits to Nuclear Arms Program

OW0907033491 Beijing XINHUA in English  
0128 GMT 9 Jul 91

[Text] Washington, July 8 (XINHUA)—The U.S. Government said today Iraq has admitted to UN investigators that it has been engaged in a nuclear weapons program.

Margaret Tutwiler, spokeswoman of the State Department, said the Iraqi admission, contained in a 29-page document which the Iraqi Government sent to the International Atomic Energy Agency (IAEA) today, said the Iraqi effort includes a uranium enrichment program.

"Today's document was a step forward but we will judge (Iraqi President) Saddam Husayn's pledges by the actions of the Iraqi Government, not by his words," Tutwiler said.

At the White House, Spokesman Marlin Fitzwater said a 37-member IAEA inspection team is in Iraq, and "we expect that Iraq will cooperate fully and completely with this team."

Under a UN Security Council resolution establishing the cease-fire at the end of the Gulf war last April, Iraq agreed to open all of its nuclear facilities to international inspection.

U.S. President George Bush said late last month that the United States had evidence that Iraq was violating this pledge, and he refused to rule out the possibility of a military response.

Fitzwater said the IAEA inspection team's report, expected by the end of the week, "will obviously have a great bearing on any further steps we may contemplate to ensure rapid and complete Iraqi compliance with all relevant United Nations Security Council resolutions."

Asked what had prompted the Iraqi admission, Fitzwater said, "I assume it was the continuing threat by the United Nations" demanding access to the Iraqi nuclear sites.

### Missile Technology Control Regime 'Backgrounder'

OW0907113591 Beijing XINHUA in English  
1005 GMT 9 Jul 91

[“Backgrounder: Missile Technology Control Regime”—XINHUA headline]

[Text] Beijing, July 9 (XINHUA)—Following are some background information about the Missile Technology Control Regime (MTCR):

—The United States, Canada, Japan, France, Britain, Germany and Italy worked out a norm on April 16, 1987, which stipulates coordination and control over export and proliferation of nuclear missile technology.

The seven MTCR-sponsor nations are now joined by Spain, Austria, Denmark, Belgium, the Netherlands, Australia, New Zealand, Norway and Luxembourg.

The MTCR does not have permanent organizations. It only convenes regular meetings to exchange information and coordinate their stands.

—The 4th meeting of MTCR ended in Tokyo on March 20, 1991 with a call for the world to implement the norm of sensitive missile technology approved on April 16, 1987.

—Answering questions raised by foreign reporters at a press conference on March 27, 1991, Chinese Foreign Minister Qian Qichen said that China did not attend the meeting so China is not committed to implementing the agreement concluded by some countries.

—The 5th meeting of MTCR will be held in Washington in November, 1991.

### **Bush Calls Bessmertnykh Visit 'Good Sign'**

OW0807214791 Beijing XINHUA in English  
2018 GMT 8 Jul 91

[Text] Washington, July 8 (XINHUA)—U.S. President George Bush today called the Soviet decision to send its foreign minister to Washington for START talks "a good sign", but he was not sure if the visit would iron out remaining obstacles to the Strategic Arms Reduction Treaty.

According to announcements made by both Washington and Moscow, Soviet Foreign Minister Aleksandr Bessmertnykh will arrive here Wednesday evening for two days of talks with U.S. Secretary James Baker after Bush made an appeal to Soviet President Mikhail Gorbachev for increased efforts on the START treaty.

The Soviet foreign minister will be accompanied by Mikhail Moiseyev, the chief of the Soviet General Staff, and some other Soviet officials.

"I have said before that what we want to do is to have a summit meeting with the Soviets, and I've also said that I want this START agreement completed" before his expected summit with Gorbachev in Moscow, Bush told reporters.

"Whether these last difficulties can be ironed out, we just don't know. But this should be seen as a good sign," Bush said.

"It's good thing that they're coming," Bush said, "there's plenty of time to get this done so that we can have this (summit) meeting at the end of July."

"A lot depends on this meeting" between Soviet and American foreign ministers, Bush said.

The treaty to slash U.S. and Soviet arsenals of strategic weapons by 30 percent was some 90 percent ready, but after the latest round of negotiations in Geneva, the United States admitted "important work remains to be done" on issues related to verification measures of treaty.

Apparently impatient at the stalled negotiations, Bush delivered a message to Gorbachev Saturday, through Jack Matlock, U.S. ambassador to Moscow, pressing him to "energize" the negotiating process.

Gorbachev returned a message yesterday, agreeing to "the need to redoubled efforts at completing a START agreement and accepted the President's invitation to send a delegation to Washington to work on the negotiations," the White House said.

### **Commentary Examines U.S.-Soviet Summit Prospects**

OW0907161891 Beijing Radio Beijing in English  
to Western North America 0400 GMT 9 Jul 91

[Commentary by Radio Beijing Washington correspondent Chen Junshan]

[Text] The U.S.-Soviet summit was originally set for February in Moscow, but the United States requested the meeting be postponed to a later date in the first part of this year due to the Gulf War. The reason was that the U.S. President could not leave the country at the time. After the Gulf War was over, the two sides held talks at different levels and finally settled their differences on conventional arms. It was widely expected that the U.S.-Soviet summit was in the offing, but the meeting was postponed again. The U.S. side insisted that some kind of concrete progress should be achieved during the coming summit. As proposed, since negotiations on reductions of strategic weapons have been going on for many years and only some technical problems remain unsolved, why not smooth out these problems first so that the two leaders could sign a treaty in Moscow? As a result, the two sides have held frequent negotiations on the remaining problems in the treaty on strategic weapons.

The United States has expected an easy victory in the talks because first, the Soviet Union was eager to hold the summit meeting, and second, the Soviets need U.S. economic aid, providing further impetus to settle the issue. The American side was optimistic that the summit meeting could take place before July. However, things have not turned out so simple. Over the last two weeks, nothing has come out of the U.S.-Soviet vice ministerial meeting in Geneva, despite the claim that the problems are simply technical ones.

According to the U.S. media, the two sides, in fact, still have unsettled issues in the actual production of strategic weapons. THE NEW YORK TIMES reports that the United States feels discouraged about the situation, while THE WASHINGTON POST says Bush is impatient with the progress.

According to U.S. officials, Bush urged the Soviet side to show greater flexibility in strategic weapons production. He even proposed that the Soviet Foreign Minister Aleksandr Bessmertnykh come to Washington to talk with the U.S. Secretary of State James Baker. But Bush urged the Soviet side to give Bessmertnykh full authority so as to facilitate the negotiations. Bush made it clear that the United States wishes to hold the summit meeting before the end of this month, but the two sides must reach an agreement on the treaty of reducing strategic weapons before that can happen.

The implication of Bush's words is that the Soviet Union must make concessions in the production of strategic weapons if it wishes to have a U.S.-Soviet summit.

#### 'Roundup' Examines American Economic Integration

HK0507135891 Beijing RENMIN RIBAO in Chinese  
30 Jun 91 p 6

["Roundup" by Li Zhiming (2621 1807 2494): "Integration of Latin America and U.S.-Latin American Relations"]

[Text] On 19 June, an agreement on the framework for multilateral trade and investment was signed by the four foreign ministers of Brazil, Argentina, Paraguay, and Uruguay, and by the trade representative of the U.S. Government. The agreement spelled out the general principles and modes of operation for the removal of barriers to bilateral trade and investment. The signing ceremony was fairly solemn, attended by U.S. President Bush, Brazil's President Collor de Mello, and Organization of American States Secretary General Suarez. In March this year, the four signatory South American states formally decided to form the Mercosul [the southern cone common market] and to achieve internal free trade before 1995. The signing of the aforementioned agreement showed an interesting new feature in the economic relations of the Western Hemisphere, that is, the revival of the process for the integration of Latin America and the response of a redefined U.S. policy on Latin America.

Over the past year, the once stagnant process of Latin American integration rediscovered a new form of vitality. Five Central American states, 13 Caribbean countries, the Andes Group, the four Mercosul countries, as well as the newly established group of Mexico, Colombia, and Venezuela all have set their respective timetables for the creation of regional free trade zones. In particular, the four countries of the Mercosul have a combined population of 190 million and a combined GNP of \$400 billion, which represents 51 percent of the

total output value of Latin America. They boast formidable industrial and agricultural might. The Latin American countries normally maintain very close economic relations with the United States. Take Brazil and Argentina, for instance. U.S. capital makes up 32 and 40 percent, respectively, of the total foreign capital in these two countries. One quarter of Brazil's foreign trade is conducted with the United States. The United States is also Argentina's leading trade partner. The greater part of Brazil's and Argentina's enormous foreign debts are contracted with U.S. commercial banks. In the new process of Latin American integration, all small regional organizations place a special premium on their ties with the United States in the hope of obtaining capital, technology, and market access, all of which are indispensable for economic development and which are in short supply in the region. Argentina's President Menem has stated explicitly that the old alliance of poor countries joining with other poor countries has been found to be ineffective, and so the objective now is to form an alliance mixing the poor countries with the rich. This was the expression of a hope of developing the economy with the help of U.S. strength.

Last June, U.S. President Bush presented the "American Proposal" and suggested that economic ties with Latin America be strengthened from three aspects, namely: Trade, investment, and debt servicing. Bush's speech was regarded as an indication of a U.S. effort to redefine its Latin American policy. As the trend toward the regionalization and collectivization of the world economy becomes increasingly more pronounced, the United States is feeling a growing need to have its own economic sphere. In terms of geography and history, Latin America appears to be the most suitable region. Since 1981, the United States has suffered a trade imbalance in its Latin American trade which once reached a high of \$30 billion and presently totals more than \$10 billion. The proportion of exports to Latin America of its total export volume also has been falling for many years now. The United States therefore hopes to boost its exports by expanding the Latin American market through the free trade proposal. However, if the economy of Latin America continue to be stagnant, it will be impossible for the region to become an important market. Consequently, Bush has proposed to link trade and investment with the resolution of the debt issue. This appeals strongly to the capital-starved and heavily indebted Latin American countries. The United States, which in the past had been less than enthusiastic about the integration of Latin America, also suggested that "free trade agreements will be concluded first with countries which have joined together for the purpose of trade liberalization." The new-found zest for regional integration in Latin America is connected to this in no small way.

Out of mutual need, relations between the United States and Latin America will flourish in the 1990's, but an incident that should be noted is the difference in motives on the two sides, as well as the dominant position of the United States



by virtue of its economic power. The United States is most concerned with free trade. In the words of a U.S. diplomat: The "American Proposal" represents fishing rods and hunting guns (refers to trade) replacing the ready-cooked food of the past. Given the great disparity in economic strength, free trade will not necessarily be fair to both sides. Furthermore, the United States also spelled out conditions for its cooperation: That the other side should implement a "free market economy." Recently, bowing to U.S. demands, the Brazilian Government has agreed to abolish its Market Information Act, which protects local industry, and also decided to resume interest payments on its foreign debts; both Argentina and Brazil are considering amending their relatively independent policy on nuclear technology. On the contrary, the United States continues to set up barriers against the importation of fruit juices and shoes from Brazil. This shows that in the effort to promote closer ties between the United States and Latin America, the latter has gone a great deal further, but not the former. Indeed, the two sides do not share an equal status.

The Mercosul and other organizations designed to promote integration in Latin America have looked upon the deepening of their economic relations with the United States as their medium and long term objective. Owing to the great disparity in position and difference in motives, however, it will not be surprising at all to see conflicts and setbacks during process of promoting close links.

#### Envoy Addresses Asia-Pacific Environment Meeting

OW0507183391 Beijing XINHUA in English  
1521 GMT 5 Jul 91

[Text] Tokyo, July 5 (XINHUA)—The Environment Congress for Asia and the Pacific approved a declaration here today, calling on nations in the region to work for the development of new economic models based on the concept of sustainable development.

Seventy delegates from 22 countries, including 11 government ministers, attended the two-day conference which closed today.

The declaration said, "mass production, mass consumption and mass disposal based on the behavioral principle of profit maximization" encouraged by the industrial revolution now threatens to environmental destruction on a global scale.

It called for a re-examination of consumption-oriented economic models which destroy the environment.

According to conference sources, delegates from Fiji, Australia and Papua New Guinea insisted on the inclusion in the declaration of references to the threat that greenhouse gases from developed countries and a possible rise in sea levels by global warming pose to small island nations in the South Pacific.

Delegates from some countries, including Indonesia, China and Sri Lanka stressed the need to lower the cost to their countries of pollution-eliminating technology.

Qu Geping, administrator of the National Environmental Protection Agency of China, said at the conference "the current international order and economic system does not facilitate the cleaning up of the environment." "Many developed nations talk but do not show a desire to give technology on favorable terms," Qu added.

#### United States & Canada

##### Diplomat Notes Consequences of MFN Suspension

OW1007054191 Beijing XINHUA in English  
0518 GMT 10 Jul 91

[Text] Washington, July 9 (XINHUA)—"We for our part certainly do not want to see a major retrogression in our relationship that inevitably will occur should the United States revoke China's MFN [most-favored-nation] status," said a Chinese diplomat in an article published by THE WASHINGTON TIMES here today.

Chen Guoqiang, press counselor of the Chinese Embassy, pointed out that MFN (most-favored-nation) trade status, despite the misleading terminology, is not a concession, let alone a favor to China. It is a standard, reciprocal arrangement that grants advantageous tariff rates to a trading partners' imports.

China and the United States granted each other MFN status in 1979.

"It represents the foundation of Sino-U.S. economic relations and trade built over more than a decade would be seriously undermined or even dismantled if MFN status were revoked or were extended with political conditions attached," he said.

Recalling the achievements of trade and economic relations between the two countries since 1979, Chen said that the actual impact of high discriminatory tariffs and chain reactions resulting from the termination of China's MFN status will be "disastrous."

"Its economic and other implications for American businessmen, investors and consumers should not be underestimated," Chen said.

"Furthermore, to single out China only for discriminatory trade treatment would certainly call into question before the rest of the world the overall credibility and reliability of the United States as a trading partner," he said.

He said that Sino-U.S. relations are not only important to the two countries, but also of vital significance to world peace and stability.

He noted that the end of the cold war does not mean the decline of China's strategic standing in the international arena. Nor does it mean the diminishing of the common interests of the two countries in various fields.

He pointed out that the difficult period in Sino-U.S. relations is not yet over, and the United States still maintains sanctions against China.



"It is our hope that China and the United States will, transcending their differences in social systems and ideology, set great store by the fundamental interests of the two countries so that the bilateral relations can return to normal at an early date and develop further on the basis of the three joint communiques," Chen said.

### **Bush Asks Senate To Ratify CFE Treaty**

OW1007033291 Beijing XINHUA in English  
0143 GMT 120 Jul 91

[Text] Washington, July 9 (XINHUA)—U.S. President George Bush today formally asked the Senate to ratify the conventional forces in Europe (CFE) treaty which requires deep arms reduction in the region.

The treaty was signed by 22 nations in Paris last November, but the United States later charged that the Soviet Union circumvented the ceilings on their armaments by transferring some equipment of the army to coastal defense units.

The two sides finally settled their differences on the treaty when U.S. Secretary of State James A. Baker III met Soviet Foreign Minister Aleksandr Bessmertnykh in Portugal on June 1.

The treaty calls for elimination of tens of thousands of tanks, armored combat vehicles and artillery pieces in Europe, with sharper cuts in Soviet armaments because of their numerous advantages.

According to THE WASHINGTON POST, the treaty is expected to get swift approval from the Senate as indicated in a letter to Bush from senior members of the Senate Foreign Relations Committee.

The members, including Chairman Claiborne Pell, Joseph R. Biden Jr., both Democrats, and Republican Senator Jesse Helms, said in the letter that they planned to conclude their committee hearings and mark up a resolution of approval this month.

### **Sale of 120 F-16's to S. Korea Announced**

OW0907055691 Beijing XINHUA in English  
0141 GMT 9 Jul 91

[Text] Washington, July 8 (XINHUA)—The Pentagon today announced a multi-billion dollar arms deal in which South Korea will get 120 F-16 airplanes, one of the most modernized U.S.-made jet fighters.

The Pentagon said it had notified Congress that the deal would contribute to U.S. national security by helping improve the security of "a friendly country." It called South Korea "an important force for political stability" in the Pacific region.

The three-stage deal was to begin with South Korea buying 12 fighters from the U.S., followed by the delivery of U.S. production kits for 36 additional planes to be assembled in South Korea.

In the third stage, South Korea would produce under U.S. license 72 planes with technical assistance from U.S. manufacturers.

The Pentagon said the value of the deal was 2.52 billion dollars, not including the commercial contracts expected to be concluded as part of the licensed production phase.

The commercial sales, which were not handled directly by the Pentagon, would add another 1.29 billion dollars to the total value of the deal.

South Korea would also get 20 Lantirn navigation systems for the planes, as well as 12 spare engines, test equipment, spares and repair parts and technical documentation, the Pentagon said.

## **Soviet Union**

### **Gorbachev Promises Modernized Socialist CPSU**

OW0907223291 Beijing XINHUA in English  
1803 GMT 9 Jul 91

[Text] Moscow, July 9 (XINHUA)—Soviet President Mikhail Gorbachev said today that the Communist Party of the Soviet Union (CPSU) will become a revamped party that continues to adhere to the socialist course.

Speaking at a joint news conference today with Spanish Prime Minister Felipe Gonzalez who is here on an official visit, Gorbachev said a new draft of the party's constitution will be submitted to the CPSU Central Committee plenum on July 25.

The new constitution will "draw lessons from the past and absorb useful experiences from world events leading the CPSU towards a new understanding and new notions," the Soviet president said.

Gorbachev said it was a natural phenomenon that many members were quitting the party. "It is not a bad thing that those who regard party membership as springboard for getting rich are leaving the party," he said.

The CPSU is facing a fresh challenge from a group of former senior party leaders, including former Politburo member and Foreign Minister Eduard Shevardnadze, who have left to form a new political organization.

Shevardnadze is part of the "Movement for Democratic Reforms" together with former CPSU Politburo member and present senior adviser to the Soviet President Aleksandr Yakovlev as well as other erstwhile top officials of the CPSU.

### **Gorbachev on Current Debt, Repayment Potential**

OW0907232291 Beijing XINHUA in English  
1516 GMT 9 Jul 91

[Text] Moscow, July 9 (XINHUA)—The amount of the Soviet foreign debt is commensurate with the country's

repayment potential and the Soviet Union has the capability to expand export and foreign exchange earnings, declared President Mikhail Gorbachev today.

He told a press conference that the Soviet Union currently owes 55 billion U.S. dollars in foreign debt and is still seeking more foreign assistance.

He, however, emphasized his country prefers investment credits as a principal form of economic cooperation with foreign countries. They will help the Soviet Union increase production and service the debts, he added.

The president said his country is planning to speed up the process of making the ruble convertible to inspire the confidence of foreign investors.

The Soviet Union is not going to ask for a writing-off of its debts and will be able to tide over its present difficulties, he stated.

#### **Yeltsin Supports Gorbachev G-7 Position**

*OW0907222191 Beijing XINHUA in English  
1857 GMT 9 Jul 91*

[Text] Moscow, July 9 (XINHUA)—Russian Federation President Boris Yeltsin said today that Mikhail Gorbachev will represent the common position held by nine republics at the upcoming G-7 London summit.

"We have agreed that Gorbachev is not going to London for a handout, but is making clear our stance that the central authorities and the republics will continue with radical reforms," Yeltsin said.

Gorbachev will bring a "mixed program" to the London G-7 summit which is based on the government's "Anti-Crisis Program" and also contains certain elements from the "Harvard Plan," he noted.

The Yavlinskiy Plan, worked out by radical economist Grigoriy Yavlinskiy with American experts from Harvard University, gives more emphasis to exploiting Western aid that was favored by some radical central and republican leaders, but was criticized by Prime Minister Valentin Pavlov.

In June Gorbachev went on record as saying that there was no "insurmountable disagreement" between the Harvard Plan and the Anti-Crisis Program.

On Monday, Gorbachev and leaders of the nine republics (that were willing to sign the new union treaty) discussed their common strategy which the Soviet president will take into his talks with G-7 leaders after the London summit.

According to Soviet media reports, the central and republican leaders "easily" reached a consensus during talks and Gorbachev will represent the view of the republics during the London summit.

#### **Senior CPSU Official Admits Cracks in Party**

*OW1007032291 Beijing XINHUA in English  
0130 GMT 10 Jul 91*

[Text] Moscow, July 9 (XINHUA)—Deputy General Secretary of the Soviet Communist Party Central Committee Vladimir Ivashko said recently that the cracks existing within the party can not be regarded as tragedy even though their existence is not encouraged.

Ivashko made the remarks in his interview with TASS reporters on the drafting of a new program of the Soviet Communist Party, the official TASS NEWS AGENCY reported today.

Different views and opinions can not but affect the party, because the party is also a "live mechanism," he said, adding that people have joined the party out of various motives: ideological belief, desires to become officials or simply influenced by publicity.

It is only natural for such phenomena to take place at a crucial time, the deputy general secretary added.

#### **Northeast Asia**

#### **Chen Junsheng Meets Mongolian President, Premier**

*OW1007040091 Beijing XINHUA in English  
0320 GMT 10 Jul 91*

[Text] Ulaanbaatar, July 9 (XINHUA)—Mongolian President Punsalmaagiyn Ochirbat expressed satisfaction today with growing relations between Mongolia and China.

Meeting with a Chinese Government delegation headed by State Councilor Chen Junsheng, Ochirbat said that the Mongolian people are earnestly looking forward to the visit of Chinese President Yang Shangkun, and believed the visit will have very great significance for the development of relations between the two countries.

Chen Junsheng said that China and Mongolia are friendly neighbors, and relations between them have developed very well over recent years. He continued that China is willing to further develop relations with Mongolia on the basis of equality and mutual benefit.

The Chinese delegation has also been met with respectively by Mongolian Premier Dashiyn Byambasuren and Chairman of the Central Committee of the Mongolian People's Revolutionary Party, Budragchaagiyn Dash-Yondon.

The Mongolian hosts expressed the hope to further strengthen economic cooperation between the two nations and expand relations between the two states and two parties.

The Chinese delegation arrived here today to attend the celebrations of the 70th anniversary of the Mongolian People's Revolution.

### **Economic Recession Continues in Mongolia**

OW0907232791 Beijing XINHUA in English  
1351 GMT 9 Jul 91

[Text] Ulaanbaatar, July 9 (XINHUA)—Mongolia registered minus economic growth in the first six months of the year due to dwindling foreign aid and worsening social instability, the "PEOPLE'S RIGHT" newspaper reported today.

Industrial output decreased 3.9 percent in the first half of the year compared with the same period last year, and about half of the factories and enterprises failed to fulfill the sales quota set by themselves, the paper quoted an official communique as saying.

National revenue was down by 35.1 percent compared with that of the same period in 1990 while expenditure rose 33.1 percent, resulting in swelling budget deficit.

The two-way foreign trade volume plummeted 62.9 percent to only 328 million U.S. dollars, as a result of the collapse of the Comecon [Council for Mutual Economic Assistance] trade group and the practical stop of economic aid from the Soviet Union and other East European countries.

Meanwhile, the number of the new-born domestic animals was 301,800 less than the same period last year, the paper said.

On May 15, Mongolian National Development Minister Jamyangiyn Batsuuri urged foreign governments to offer emergency aid to his country, forecasting a nine percent drop in this year's national income as compared with 1990.

Financial aid was on the agenda of Mongolian President Punsalmaagiyn Ochirbat's January visit to the United States and Minister of External Affairs Tserenpiliyn Gombosuren's South Korean trip in March.

However, Premier Dashiyn Byambasuren stressed in early June that Mongolia has to rely on itself, saying that the country can never find a right path for its future development if it continues to depend on foreign aid. He said that the country's distorted economy was caused by the long dependence on foreign loans and aid.

The country is currently experiencing a shortage of raw materials and spare parts for machinery, as well as a shortage of consumer goods and food supplies.

In late March and early April, all Mongolian newspapers and magazines stopped publication for four days due to a shortage of newsprint.

In a bid to heal the country's ailing economy, Mongolia begun privatising state-owned industries in June, except such vital sectors as railway, aviation, mining, fuel and power, public transport and post and telecommunications.

### **Japan Provides Anhui Flood Relief Funds, Goods**

OW1007075391 Beijing XINHUA in English  
0735 GMT 10 Jul 91

[Text] Beijing, July 10 (XINHUA)—Japan offered 300,000 U.S. dollars of relief fund here today to flood-stricken areas in east China's Anhui Province.

The check was presented by Takaaki Kojima, counsellor of the Japanese Embassy here on behalf of the Japanese Government, to Zhang Baohe, director of the Department of the International Relations under the Chinese Ministry of Foreign Economic Relations and Trade.

Earlier, Japan had provided 300,000 U.S. dollars worth of relief goods to the flood-stricken areas in Anhui Province.

### **DPRK Friendship Treaty Anniversary Marked**

#### **Delegation Leaves for PRC**

OW0907102091 Beijing XINHUA in English  
0930 GMT 9 Jul 91

[Text] Pyongyang, July 9 (XINHUA)—A Korean delegation headed by chairman of the central committee of Korea-China Friendship Association Yi Cha-pang left here for China to celebrate the 30th anniversary of the signing of the China-Korea Friendly Cooperation Treaty.

Yi Cha-pang told XINHUA at the airport that the friendly cooperation between the Korean and Chinese peoples have developed steadily in the past three decades.

To mark the 30th anniversary of the treaty, a "Korea-China Friendship Week" opened at the international cinema here Monday. Li and Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries, attended the opening ceremony.

Han, who is leading a Chinese delegation for the celebrations, arrived here Monday for a week-long visit.

#### **Attache Addresses Rally**

OW0907232491 Beijing XINHUA in English  
1513 GMT 9 Jul 91

[Text] Pyongyang, July 9 (XINHUA)—The Ministry of the Korean People's Armed Forces held a rally today to mark the 30th anniversary of the signing of the Sino-Korean treaty of friendship, cooperation and mutual assistance.

In a speech at the rally, Vice-Minister Kim Kwang-chin of the Korean People's Armed Forces said since the treaty was signed in 1961, the friendship and cooperation between the Korean and Chinese peoples have been strengthened in all fields. The treaty has made great contributions to the promotion of the causes of socialist construction of the two countries and to the maintenance of peace in Asia and the world.

He pointed out that the Korean people and the army officers and soldiers will, as always, honor the treaty



obligations and fight shoulder to shoulder with the fraternal Chinese people and servicemen on the road of peace and socialist cause.

Military Attache Yin Guangtao of the Chinese Embassy here said at the rally that the treaty has opened up a new chapter in the development of Sino-Korean relations of friendship and cooperation. It has experienced all sorts of trials and shown great vitality in spite of the changes in the world situation in the past 30 years, he noted.

He assured the rally that the Chinese people and commanders and soldiers of the People's Liberation Army will continue to abide by the treaty, closely unite with the Korean people and soldiers and make every effort for peace in Asia and the world.

Attending the rally were Choe Kwang, member of the Political Bureau of the Central Committee of the Korean Workers' Party and chief of the General Staff of the Korean People's Army, other high-ranking officers, Chinese Ambassador Zheng Yi and 1,500 Korean servicemen.

#### **DPRK Submits UN Membership Application**

*OW0907180291 Beijing XINHUA in English  
1345 GMT 9 Jul 91*

[Text] United Nations, July 9 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has formally submitted its application for U.N. membership, according to U.N. sources today.

In a letter dated July 2 to U.N. Secretary-General Javier Perez de Cuellar, Kim Yong-nam, foreign minister of the DPRK, on behalf of the DPRK Government, informed the U.N. chief that the DPRK "makes application for membership in the U.N. in accordance with Article 4 of the U.N. Charter."

Attached to the letter is a declaration in which the foreign minister solemnly declares that his government "accepts the obligations contained in the Charter of the U.N. and undertakes to fulfil them."

It is reported that South Korea will follow the DPRK to submit to the U.N. the application for the U.N. membership in August.

#### **Korean Reunification Alliance To Meet in Seoul**

*OW0907101491 Beijing XINHUA in English  
0922 GMT 9 Jul 91*

[Text] Pyongyang, July 9 (XINHUA)—The second conference of the Pan-National Alliance for Reunification of Korea will hold in Seoul around August 15, the anniversary of liberation, the NODONG SINMUN newspaper reported today.

The date for the conference was decided by the delegates of three nongovernmental groups in the North, South and overseas at a preparatory meeting held in Berlin during June 29-30.

According to an agreement, Koreans both in the North and overseas will send 300 delegates and 700 visitors respectively to the conference.

The first conference was held in Panmunjom last August. The Southern delegates did not attend because of the South Korean authorities' obstruction.

### **Southeast Asia & Pacific**

#### **Khieu Samphan Announces SNC Begins Operations**

*OW1007060891 Beijing XINHUA in English  
0353 GMT 10 Jul 91*

[Text] Beijing, July 10 (XINHUA)—Chairman of the Democratic Kampuchean Party Khieu Samphan said on Sunday that the Supreme National Council (SNC) of Cambodia has officially started operation both at home and abroad as an organ of state power.

"It has been recognized by the United Nations and other international organizations," he said, adding that "many friendly countries will dispatch diplomatic missions or establish embassies in Phnom Penh, where SNC's headquarters locates."

The chairman announced that Sihanouk will head an SNC delegation to attend the 46th General Assembly of the United Nations scheduled for the coming September.

Khieu made the remarks in an address to the Democratic Kampuchean National Army. In the address, he also spoke highly of the SNC meeting held from June 24 to 26 in Pattaya, Thailand, Radio Democratic Kampuchea reported on Tuesday.

He said the meeting, which was presided over by Samdech Norodom Sihanouk, reached agreement on many issues.

"National reconciliation has begun to emerge," he continued. "We will make efforts to solve other problems in a bid to make Cambodia a country of independence, sovereignty, peace, neutrality and nonalignment under the conditions of territory integrity."

#### **Kaysone Phomviharn Talks With New PRC Envoy**

*OW1007091591 Beijing XINHUA Domestic Service  
in Chinese 0801 GMT 7 Jul 91*

[Text] Beijing, 7 Jul (XINHUA)—According to news received from Vientiane, Kaysone Phomviharn, chairman of the Lao People's Revolutionary Party and chairman of the Council of Ministers, met with and held warm and friendly talks with Huang Guocai, new Chinese ambassador to Laos, on 6 July. Kaysone Phomviharn expressed the hope that the traditional friendly and cooperative relations between the two countries will constantly develop, consolidate, and bear rich fruit.

### **Tianjin's Zhang Zhaoruo Meets Lao Trade Group**

SK0507130791 Tianjin TIANJIN RIBAO  
in Chinese 2 Jun 91 p 4

[Text] Zhang Zhaoruo, vice mayor of the municipality, met with a Lao Government trade delegation headed by Khamphan Simmalavong, deputy minister of trade and tourism, at the Hyatt Hotel at noon on 1 June. The meeting proceeded in a cordial and friendly atmosphere. Zhang Zhaoruo welcomed the Lao Government trade delegation on behalf of the municipal government. He expressed the hope that economic and trade cooperation between Tianjin and Laos would be continued and strengthened. He also presented a videofilm "Today's Tianjin," and a picture album on Tianjin to the guests. During their stay in Tianjin, the Lao guests toured the ancient culture street and visited the development zone.

### **Hubei's Qian Yunlu Meets Lao Party Delegation**

HK0707081191 Wuhan Hubei People's Radio Network  
in Mandarin 1130 GMT 3 Jul 91

[Excerpts] At the invitation of the CPC Central Committee International Liaison Department, a delegation from the Lao People's Revolutionary Party [words indistinct] Liaison Department headed by Thongloun Sisoulit, member of the Lao People's Revolutionary Party Central Committee and deputy director of the Liaison Department, made a friendly visit to Hubei from 30 June to 3 July.

On the afternoon of 30 June, provincial party committee Deputy Secretary Qian Yunlu met the delegation at the (Qingchuan) Hotel and hosted a banquet for them. [passage omitted]

The delegation is scheduled to leave Wuhan for Guangzhou today.

### **Envoy Presents Credentials to Burmese Premier**

OW1007101391 Beijing XINHUA in English  
0929 GMT 10 Jul 91

[Text] Yangon [Rangoon], July 10 (XINHUA)—The newly-accredited ambassador of the People's Republic of China to the Union of Myanmar [Burma] Liang Feng presented his credentials to chairman of the Myanmar State Law and Order Restoration Council (SLORC), Senior General Saw Maung, at the Ministry of Defense today.

Present on the occasion were secretary (1) of the SLORC Maj-Gen Khin Nyunt, Deputy Minister for Foreign Affairs U Ohn Gyaw and Director-General of the Protocol Department of the Ministry for Foreign Affairs U Aung Thet.

SLORC Chairman Senior General Saw Maung, who is also the prime minister and minister for foreign affairs of the Myanmar Government, and Chinese Ambassador Liang Feng had a cordial and friendly conversation on the occasion.

The SLORC chairman said that friendship and cooperation between Myanmar and China not only benefits Myanmar, but also benefits the peace of the region.

Ambassador Liang Feng said that it is very happy for him to be Chinese ambassador to Myanmar and he will do the very best he can to promote the friendship between the two countries.

Ambassador Liang Feng gave regards to Senior General Saw Maung on behalf of Chinese President Yang Shangkun and Chinese Premier Li Peng.

Senior General Saw Maung asked Ambassador Liang Feng to convey his regards to Chinese President Yang Shangkun, Premier Li Peng and other Chinese leaders.

The newly-accredited Chinese ambassador to Myanmar Liang Feng arrived in Yangon on July 3.

### **Zou Jiahua Meets Indonesian Economist**

OW0807151591 Beijing XINHUA in English  
1333 GMT 8 Jul 91

[Text] Beijing, July 8 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here today with Indonesian famous economist Nitisastro Widjojo.

Widjojo, also economic advisor to Indonesian President Suharto, is here as guest of the Chinese Government. He has come here with Julius Nyerere, chairman of the South Commission and former president of Tanzania, for attending the launch of the Chinese version of "The Challenge to the South", a report of the South Commission.

Present at the meeting were Sheng Shuren, Chinese vice-minister of the State Planning Commission, and Qian Yongnian, Chinese ambassador to Indonesia.

### **Australia Establishes New Regional Security Plan**

OW1007060791 Beijing XINHUA in English  
0313 GMT 10 Jul 91

[Text] Canberra, July 10 (XINHUA)—Australia has moved to set up new regional security arrangements, including cooperation in air and sea surveillance and intelligence exchanges, despite vigorous pressure from the U.S. not to do so.

Australia is likely to extend air surveillance operations in the South China Sea, has indicated its acceptance of Brunei as a member of the five power defense arrangement, and is negotiating a range of new bilateral security agreements, according to government sources.

Australian officials in Southeast Asia are actively discussing other proposals, including greater cooperation in air and sea surveillance, increased intelligence exchanges, new procedures for handling incidents at sea and a wider regional security community, according to a report today by THE SYDNEY MORNING HERALD.



The report said Washington had pressured Canberra not to take regional security initiatives because it may give the Soviet Union the opportunity to undermine U.S. strategy in the Pacific.

A letter from the U.S. Secretary of State, James Baker, to Australian Foreign Minister Gareth Evans, which was leaked to the press in April, stated firmly that the U.S. was more than satisfied with current arrangements.

Australia has responded positively to a Malaysian proposal to extend the area of operation of Australian surveillance aircraft to cover the seas around Malaysia's eastern coasts and its southern states of Sarawak and Sabah, the report quoted government sources as saying.

The five power agreement was signed in 1971 between Australia, Malaysia, Singapore, New Zealand, and Britain. The sources said the five countries agreed at a meeting in Kuala Lumpur in April to extend the membership of the five power agreement to Brunei, if it wanted to join.

Important progress has also been made in talks on other regional surveillance arrangements and an incident-at-sea agreement, according to the sources.

A spokesman for the Defence Department has confirmed that Australia is talking to individual Southeast Asian countries on a continuing basis about ways of improving security cooperation. The report said the spokesman did not comment on the specific proposals except to say that there were no talks on a broader regional or multilateral basis going on.

## Near East & South Asia

### Ambassadors View Li Peng Visit to Iran

*OW0607044091 Beijing Radio Beijing in Mandarin to Asia 0900 GMT 5 Jul 91*

[Text] Chinese Premier Li Peng is scheduled to visit Iran on 7 July on his third leg of his current Middle East tour. In their recent statements to reporters of this station, Hua Liming, newly appointed Chinese ambassador to Iran, and Mohammad Hosein Taromi-rad, Iranian ambassador to China, highly evaluated Premier Li Peng's forthcoming visit to Iran.

Ambassador Hua Liming pointed out: Premier Li Peng's first visit to Iran will be a continuation of the many years of direct contacts and dialogues between senior Chinese and Iranian leaders.

He said: The post-war situation in the Middle East has caught the attention of the whole world. Both China and Iran earnestly hope that peace, stability, and development can be achieved in that region. Under such circumstances, it has become even more necessary for Chinese and Iranian leaders to have extensive and in-depth exchanges of views on issues relevant to international

relations and the Middle East so that our two big countries can exert greater influence and play a bigger role in international affairs.

Iranian Ambassador to China Taromi-rad pointed out that Premier Li Peng's visit to Iran will certainly deepen the mutual communication and understanding between the leaders of the two countries and push Iranian-Chinese relations to a newer and better stage.

He said: The world is now on the eve of a great change. A new pattern of the world is taking shape. This being the case, all countries in the world must work hard to attain their respective goals and make the new pattern compatible with society's current needs. In this respect, China is one of the countries that can exert earnest efforts.

Ambassador Taromi-rad expressed the belief that Premier Li Peng's visit to Tehran will be a successful one.

### History of Contacts With Iran Reviewed

*OW0607165391 Beijing XINHUA in English 1535 GMT 6 Jul 91*

[Text] Beijing, July 6 (XINHUA)—The welcoming ceremony was grand and solemn. Among others, an escort of 20,000 cavalymen flanked the route as the emissary went past. The time—more than 2,000 years ago; the place—the Parthian Empire of the Arsacids; the visitor—a Chinese official who had trudged across the Asian continent.

As history books put it, the visitor, dispatched by Emperor Wudi of Han Dynasty (140-88 B.C.), was the first Chinese envoy to visit Parthia, the present-day land of Iran.

Two thousand years later, the two big countries on the two sides of Asia find themselves still in close ties, as being proved afresh by Chinese Premier Li Peng's current visit there.

The first contacts between the two kingdoms in the 2nd century B.C. "paved" the "Silk Road" through which Chinese silk products were to flow into west Asia and Europe for a thousand years, and Li's current visit is believed to be opening up a new road of friendship that will last for generations to come.

Time and tide rolls on, but the peoples of China and Iran have never ceased to exchange. Their friendly ties were ushered into a new age when the two countries established diplomatic relations in 1971, and especially after the founding of the Islamic Republic of Iran in 1979.

The period of 1984-1990 witnessed frequent exchanges of visits by senior officials that enhanced considerably the friendship and cooperation between the two countries.

China received former Iranian Majles (parliament) speaker and current state President 'Ali Akbar Hashemi-Rafsanjani, Foreign Minister 'Ali Akbar Velayati, and former president and current supreme leader Hojjat-ol-Islam Seyyed 'Ali Khamene'i.

The Chinese leaders who visited Iran included former Foreign Minister Wu Xueqian, Vice Premier Tian Jiyun, Chairman of the Standing Committee of the National People's Congress (parliament) Wan Li, and Foreign Minister Qian Qichen.

The Chinese people were disturbed by the disastrous earthquakes that hit Iran in June, 1990. China's Red Cross sent over 40 tons of medicine, food and rescue equipment and the Chinese Government donated 3 million yuan (about 580,000 U.S. dollars under the current exchange rate) worth of materials for the relief operation.

Bilateral trade and economic cooperation have also developed steadily. Two-way trade stood at 314 million U.S. dollars in 1990, 58 percent higher than that in 1989.

During Premier Li Peng's stay in Iran, he and Iranian leaders will discuss bilateral relations, post-war situations in the Middle East, and other international issues of mutual concern.

"I am taking the Chinese people's friendly feelings to the Arab and Iranian peoples," Li said on July 2 before setting off on his current tour of the six Middle East nations, including Iran.

"My visit will surely increase mutual understanding and friendship and further promote the existing friendly relations of cooperation between China and these countries," he added.

### Li Peng Begins Visit to Iran

#### Arrives in Tehran

OW0807025891 Beijing XINHUA Domestic Service  
in Chinese 2210 GMT 7 Jul 91

[“Li Peng Arrives in Iran; Solemnly Welcomed (Detailed Dispatch); by reporters Li Hongqi (2621 4767 2475) and Gao Xinghua (7559 5281 5478)”—XINHUA headline]

[Text] Tehran, 7 Jul (XINHUA)—Premier Li Peng and his party arrived here by a special plane today to begin a three-day official goodwill visit to Iran.

It is early summer in Tehran, Iran's capital. The skies are clear and beautiful flowers are in bloom. As Premier Li Peng's special plane gradually landed at Tehran's international airport, a red carpet was spread out at the aircraft parking area for state guests and a guard of honor made up of the three services, standing in formation and carrying rifles, awaited the arrival of the guests of honor from China. Present at the airport to meet Premier Li and his party were Iran's First Vice President Habibi, Foreign Minister Velayati, Minister of Economy and Finance Nurbakhsh, and other senior officials.

After the plane came to a complete stop, Chinese ambassador to Iran Hua Liming boarded the plane to welcome Premier Li Peng. After walking down the ramp, Premier Li Peng shook hands with First Vice President Habibi and each of the other Iranian officials who had been

waiting alongside the plane. First Vice President Habibi extended a warm welcome to Premier Li Peng for visiting Iran.

Premier Li Peng is visiting Iran at the invitation of Iranian President Hashemi-Rafsanjani. This is the first visit to Iran by a Chinese premier since Iran's 1979 Islamic revolution.

Accompanying Premier Li on the visit were Zhu Lin, the premier's wife; State Councillor and Foreign Minister Qian Qichen and his wife Zhou Hanqiong; Minister of Foreign Economic Relations and Trade Li Lanqing; Yuan Mu, head of the Research Office under the State Council; special assistants Gao Di and Yang Dezhong; Liu Zhongli, deputy secretary general of the State Council; Liu Shuqing, director of the Office of Foreign Affairs under the State Council; Vice Minister of Foreign Affairs Yang Fuchang; and Chinese Ambassador to Iran Hua Liming.

Accompanied by First Vice President Habibi, Premier Li viewed a guard of honor made up of Iran's three services while the military band played the national anthems of the two countries. The national flags of the two countries fluttered on the airport's flagpoles.

After holding a brief conversation with First Vice President Habibi at the State Guest Lounge, Premier Li Peng released a written statement to reporters.

He said: “This is my first visit to Iran, but I don't feel like a stranger in your country. The friendship between the peoples of China and Iran has a long history. Contacts between the peoples of the two countries began more than 2,000 years ago, which promoted the economic and cultural development of both sides. In recent years, relations between the two countries has smoothly developed and the field of cooperation has continuously expanded thanks to the common efforts of both sides. Friendly relations between China and Iran have entered a new and important phase. I have come to visit your country with the purposes of deepening understanding, enhancing friendship, promoting cooperation, and maintaining peace. I will exchange views with Iranian leaders on bilateral relations and major regional and international issues of mutual concern. As a big country in Asia, Iran plays an important role in both regional and international affairs. China is ready to join Iran in the common efforts for maintaining peace and stability in the region and establishing a just and rational new international order [gong zheng he li di guo ji xin zhi xu 0361 2973 0678 3810 4104 0948 7139 2450 4442 1645]. I am convinced that my current visit will further enhance mutual understanding and help constantly consolidate and develop the friendly relations of cooperation between our two countries.”

First Vice President Habibi wished that Premier Li Peng's visit success.

After the welcoming ceremony Premier Li, accompanied by Habibi and escorted by a contingent of motorcycles,

was taken to the State Guesthouse at Sa'd-abad Palace where he will stay. When the motorcade arrived in the vicinity of Freedom Square, it was welcomed by several thousand people lining the streets, where numerous national flags of China and Iran fluttered in the wind.

### Banquet Speeches

OW0807054791 Beijing XINHUA Domestic Service  
in Chinese 0242 GMT 8 Jul 91

[By reporters Li Hongqi (2621 4767 2475), Yang Mu (2799 2606), and Zhou Shuchun (0719 2885 2504)]

[Text] Tehran, 7 Jul (XINHUA)—Iranian President Hashemi-Rafsanjani hosted a banquet at the magnificent Presidential Office here today in honor of Chinese Premier Li Peng, who is on an official visit. In their speeches, both sides reviewed with deep feeling the traditional friendship between the two countries, praised the development of friendly relations between the two countries, and expounded their common understanding of the current international issues.

When Premier Li Peng arrived at the Presidential Office, President Rafsanjani, who was waiting at the door, had a cordial handshake with him, saying: "We have been waiting for your visit for a long time."

Rafsanjani asked: "Is Deng Xiaoping in good health?" Li Peng said: "He is in good health and swims very often." Rafsanjani also asked: "Is President Yang Shangkun in good health?" Li Peng answered: "Yes. I have brought you President Yang Shangkun's regards." Rafsanjani expressed gratitude for this.

After a brief conversation, the two walked into the banquet hall.

The banquet hall in the President Office was decorated with national flags of the two countries, the fragrance of flowers wafted in the air, and the atmosphere was cordial. Rafsanjani delivered his speech first: "The long-standing economic and cultural relations between our two countries can be traced back many centuries. The silk road has always been a concrete symbol of the friendly ties between our two civilizations and ancient peoples in Asia. It has played a valuable role in fostering closer ties between the peoples of the two countries.

"The relationship between the peoples of the two countries developed to such a stage that in some places in ancient China, people were conversing and writing in the Persian language, and textbooks in secondary and primary schools in Iran also contained articles on the study of China's great civilization."

He said: "On the whole, our evaluation of the bilateral relationship during the past 12 years has been a positive one. In consideration of the existing potential of the two countries, we hope that bilateral relations will develop further on the basis of mutual benefit for the peoples of the two countries."

Touching on the Gulf situation, he stressed: "The key to solving problems in this region is to implement all the articles of UN Security Council Resolution 598, to require the withdrawal of all foreign troops from this region, and to let the countries in this region solve their own problems. It is the only way to establish and safeguard peace and stability in this sensitive strategic region.

He urged the establishment of a new order in international relations, respecting all countries' independence and sovereignty, promoting mutual benefit, refraining from interfering in other countries' internal affairs, and opposing aggression and any hegemonistic practices. He hoped that Israel would withdraw from all the land it has occupied, and for the establishment of an independent State of Palestine where the Palestinians may decide their own destiny. He also hoped that a nonaligned Islamic regime would appear in Afghanistan.

He said: "One of the most important questions in the world is the gap between the North and the South, that is, between the rich countries and the poor. Owing to this gap, many people still live in extreme misery. The gap is still widening. If this trend is allowed to spread, solving this problem will be hopeless. He said: "The Islamic Republic of Iran and the PRC share many identical and similar stands on many international and regional problems. They constitute an appropriate foundation for strengthening and reinforcing bilateral cooperation. We maintain that cooperation between the countries in international affairs is very useful in solving the many important international and regional disputes, and will help safeguard peace and stability in the Asian region and the world.

Premier Li Peng also spoke at the banquet. He expressed satisfaction with the development of the relations between China and Iran. He said: "Both China and Iran, which share the same historical experiences, are now faced with the common task of safeguarding peace and building their own countries. In the current ever-changing international situation, the further strengthening of friendly and cooperative relations between the two countries in all fields not only accords with the fundamental interests of the peoples of our two countries, but also is conducive to peace and development in the region and the world."

Premier Li said: "The current world situation is undergoing a deep change, and the situation is still turbulent and keeps changing. Hegemonism and power politics are the cause of world tension and turbulence, as well as the major threat to world peace and security. The people of every country in the world universally hope for the establishment of a just and rational new international political and economic order [gong zheng he li di guo ji zheng zhi jing ji xin zhi xu 0362 2973 0678 3810 4104 0948 7139 2398 3112 4842 3444 2450 4442 1645]. We hold that the new order should be based on mutual respect for each other's sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality, mutual benefit, and



peaceful coexistence. In the new order, every country has the right to choose independently, according to its national conditions, its social, political, and economic systems and its way of development. Every country should participate in international affairs on an equal basis, and problems should be solved through consultations. International economic relations should be characterized by justice, reason, equality, mutual benefit, and exchange of goods based on their equal value. China is ready to join the international community, including Iran, in working for the establishment of a new international political and economic order."

He pointed out: "China is a developing country. In the past 40 years or so since the founding of New China, especially in the 10 years or so since the introduction of reform and opening to the outside world, China has scored quite numerous achievements in various spheres and is now on the path of sound development." "We will unswervingly advance along the road of building socialism with Chinese characteristics, adhere to the reform and open policy, and continue to pursue an independent foreign policy of peace. We are ready to develop friendly and cooperative relations with all countries of the world on the basis of the five principles of peaceful coexistence, and to make unrelenting efforts for safeguarding world peace and stability, and promoting the common development of all countries."

Attending the banquet from Iranian side were First Vice President Habibi, Foreign Minister Velayati, Economy and Finance Minister Nurbakhsh, and others. Attending the banquet from the Chinese side were Qian Qichen, state councillor and foreign minister; Li Lanqing, minister of foreign economic relations and trade; other members of Premier Li Peng's entourage; and Hua Liming, Chinese Ambassador to Iran.

Premier Li Peng and his party arrived here this afternoon to begin a three-day official goodwill visit to Iran at the invitation of President Rafsanjani.

The wives of First Vice President Habibi and Foreign Minister Velayati also gave a banquet this evening to entertain Zhu Lin, Premier Li's wife; Zhou Hanqiong, Foreign Minister Qian's wife; and other female guests from China.

#### 'Excerpts' of Li Speech

HK0907122591 Beijing RENMIN RIBAO in Chinese  
9 Jul 91 p 6

[Report: "Li Peng Speaks at Banquet Hosted by Hashemi-Rafsanjani"]

[Text] Tehran, 7 Jul (RENMIN RIBAO)—Premier Li Peng made a speech this evening at the banquet hosted in his honor by Iranian President Hashemi-Rafsanjani. The following are detailed excerpts:

I feel honored making an official visit to the country at the warm invitation of his excellency the president. My

colleagues and I have been warmly received by the president and by the Iranian Government and people. Tonight his excellency the president also is holding a grand banquet in our honor, and has made a warm and enthusiastic speech. On behalf of my colleagues and in my own name, allow me to express our sincere thanks to the Iranian Government and people.

In history, the hardworking, brave, and bright Iranian people created the brilliant Persian culture and made an outstanding contribution to mankind's cultural treasure. Over the last 100 years, the Iranian people have waged a long, unyielding struggle against imperialist aggression and plundering, and won the Islamic revolution under the late leader of the Iranian people, Ayatollah Khomeini. In recent years, the Iranian Government and people, led by Ayatollah Khamene'i and President His Excellency Hashemi-Rafsanjani, have made active efforts to reinvigorate the national economy, improve people's livelihood, and develop relations with other countries; They have achieved noteworthy results in these respects and have played an increasingly important role in regional and international affairs. The Chinese Government and people are truly glad for each achievement and all progress made by the Iranian Government and people, and we sincerely hope for your country to continue making new and bigger achievements in the areas of defending national independence and nation-building.

The friendship between the Chinese and Iranian peoples is long-standing and well-established. The famous "Silk Road" was the friendly link between the peoples of the two countries. Over the last 10 years or so, relations between the two countries have developed to our satisfaction. The successful visits to our country by Khamene'i and Hashemi-Rafsanjani marked a new stage in the development of two countries' friendly and cooperative relations. Today we met again in Tehran and felt particularly warm. Both China and Iran, which share the same historical experiences, now face the common tasks of safeguarding peace and building their own countries. In the current ever-changing international situation, further strengthening friendly and cooperative relations between the two countries in all fields not only accords with the fundamental interests of peoples of the two countries, but also is conducive to regional and global peace and development. I believe that through our common efforts, friendly and cooperative relations between China and Iran will develop to a still higher level.

The current international situation is undergoing a profound change, and the situation is still turbulent and fluid. Hegemonism and power politics cause world tension and turbulence, and are the major threat to world peace and security. The people of all countries universally hope for the establishment of a just, rational, new international political and economic order. We hold that the new order should be based on mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, noninterference in each other's internal affairs, equality, mutual benefit, and peaceful coexistence. In this new order, all countries have the right to

choose their social, political and economic systems and paths of development in an independent manner, according to their own national conditions. Every country should participate in international affairs on an equal basis, and problems should be solved through consultations. International economic relations should be characterized by justice, reason, equality, mutual benefit, and exchange of goods based on equal value. China is ready to work together with the international community, which includes Iran, for establishing a new international political and economic order.

China is a developing country. In the past 40 years or so since the founding of New China, especially in the 10 years or so since the introduction of reform and opening up, China has scored fairly numerous achievements in various fields and has been launched on a path of healthy development. At present our country enjoys domestic political stability, economic development, and social peace. From 1991 onward, China has begun implementation of the 10-year blueprint for social and national economic development and the Eighth Five-Year Plan. These mark a new stage of development for our country's socialist modernization. We will advance unswervingly along the road of building socialism with Chinese characteristics, adhere to the reform and opening up policy, and continue to pursue an independent foreign policy of peace. We are ready to develop friendly and cooperative relations with all countries of the world on the basis of the five principles of peaceful coexistence, and to make unrelenting efforts to safeguard world peace and stability and to promote the common development of all countries.

### Li Talks With Rafsanjani

HK0907125391 Beijing RENMIN RIBAO in Chinese  
9 Jul 91 p 1

["Dispatch by reporter He Chongyuan (0149 1505 0337): "Premier Li Peng Holds Talks With Iranian President Hashemi-Rafsanjani"]

[Text] Tehran 8 Jul (RENMIN RIBAO)—PRC State Council Premier Li Peng and Iranian President Hashemi-Rafsanjani held formal talks at the Iranian Presidential Office this morning. The two leaders had comprehensive and in-depth discussions on world issues of common concern, including a new international order, the Gulf situation and bilateral relations. The two sides shared identical or similar positions and views on these issues.

The two leaders reviewed with satisfaction the conditions of the steady development in their bilateral relations in various areas, while expressing the wish to continue their efforts to push forward the existing friendly cooperative relations between the two countries.

Li Peng stressed that China and Iran have very good political relations, and top leaders of the two countries have frequent contacts. There is great potential for bilateral economic cooperation. China hopes for a constant expansion of the spheres of cooperation through the two sides' joint efforts.

President Hashemi-Rafsanjani praised Sino-Iranian relations, which are founded on the basis of mutual trust, while expressing the wish for further developing and expanding the friendly cooperative relations between the two countries.

Hashemi-Rafsanjani believed that Premier Li Peng's visit will be a powerful impetus to a further expansion of bilateral ties.

Li Peng briefed the Iranian side on China's position on the establishment of a new international political and economic order on the basis of the five principles of peaceful coexistence. The internal affairs and choice of social system of a country are up to the people of that country themselves to decide, and no foreign country is allowed to interfere in the internal affairs of others. All countries—be they large or small, rich or poor, strong or weak—are equal members of the international community, and international affairs should be handled through consultation among various countries. The new international economic order should be built on the basis of mutual benefit.

The Iranian side advocated the idea of establishing a new international political and economic order on the basis of the principles of mutual respect for sovereignty and territorial integrity, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.

Premier Li Peng, on behalf of President Yang Shangkun, invited President Hashemi-Rafsanjani to visit China. The Iranian president accepted the invitation with pleasure. The specific date of the visit will be finalized through diplomatic channels.

Premier Li Peng, on behalf of the Chinese Government and in his own name, invited Iranian first Vice President Hasan Ebrahim Habibi to visit China. Habibi accepted the invitation with pleasure.

President Hashemi-Rafsanjani repeated his invitation to President Yang Shangkun to visit Iran. Li Peng said that President Yang has already accepted the invitation and is looking forward to making the trip at an early date. Li Peng believed that the mutual visits by the two countries' top leaders are very helpful in developing their bilateral relations.

Participating in the talks from the Chinese side were: Qian Qichen, state councillor and foreign minister; Li Lanqing, minister of foreign economic relations and trade; Yuan Mu, director of the State Council Research Center; Gao Di and Yang Dezhong, special assistants to the premier; Liu Zhongli, deputy secretary general of the State Council; Liu Shuqing, director of the State Council Foreign Affairs Office; and Yang Fuchang, vice minister of foreign affairs. Participating in the talks from the Iranian side were: First Vice President Dr. Hasan Ebrahim Habibi, Minister of Foreign Affairs Dr. 'Ali Akbar Velayati, and Economy and Finance Minister Dr. Mohsen Nurbakhsh.



### Holds Press Conference

CM1007162791 Beijing RENMIN RIBAO in Chinese  
10 Jul 91 p. 6

[“Premier Li Peng Interviewed by Chinese, Iranian Reporters; by XINHUA reporters Yang Mu (2799 2606) and Li Hongqi (2621 4767 2475), and RENMIN RIBAO reporter He Chongyuan (0149 1504 0337)”—XINHUA headline]

[Text] Tehran, 8 Jul (RENMIN RIBAO)—This afternoon Chinese Premier Li Peng, who is currently on a visit here, was interviewed at a joint press conference by Iranian journalists and Chinese reporters accompanying Li Peng on the visit. Li Peng answered their questions on bilateral relations between China and Iran and on the situation in the region and the world.

On the present condition of and prospects for Sino-Iranian relations, Premier Li said relations between the two countries go back to ancient times, and that new headway has been made in recent years. He believed that through his current visit—which is based on the purposes of peace, friendship, and cooperation—the existing friendly and cooperative relations between the two countries will develop further.

Premier Li said that in his talks with Iranian President Hashemi-Rafsanjani, both sides reached a common understanding on the question of establishing a new international political and economic order, adding that this is one of the important achievements of his current visit. Both China and Iran stand for the establishment of a new international order on the basis of mutual respect for each other's state sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. This new international order should not be established under the domination or dictation of only one, or a few countries, but through the participation of all countries in the world as equal members [yi ge huo ji ge guo jia zhu zai er ying you shi jie ge guo jun zuo wei ping deng di cheng yuan can jia 0001 0020 1910 0415 0020 0948 1367 0031 1363 5079 2019 2589 0013 3954 0677 0948 0971 0155 3634 1627 4583 4104 2052 0765 0639 0502].

He said: Both China and Iran are Third World countries. There is great potential for economic cooperation, as well as prospects for expanding cooperation between the two countries. Although specific issues in this respect were not discussed during my current visit, both sides expressed the desire to strengthen cooperation. This is also an important success.

Touching on the Gulf issue, Premier Li said: The internal issues of various Gulf countries should be settled by those countries themselves; the Gulf issue should be settled mainly through consultations among countries in the Gulf region, though the participation of the United Nations should not be excluded. Iran is an

important country in the Gulf region; we hope it will continue to play a positive role.

A reporter asked: After France announced that it will participate in the Nuclear Nonproliferation Treaty [NPT], world public opinion is very much concerned about China's attitude. What is China's current position regarding this treaty? Premier Li said: China has not yet signed the NPT, but China's position on the question remains clear-cut. China was the first country in the world to announce that it will not be the first to use nuclear weapons. Some large countries possessing nuclear weapons have not made assurances similar to China's. The Chinese Government has made it clear that it adheres to a nuclear nonproliferation policy. This means that China does not support, encourage, or engage in nuclear proliferation. We said so, and have done so, too. The Chinese Government is studying the question of participating in the NPT, but the peaceful utilization of nuclear energy is another matter altogether [dan shi he ping li yong he neng ze shi ling yi hui shi 0141 2508 0735 1627 0448 3938 2702 5174 0463 2508 0659 0001 0932 0057]. While China will not engage in the spread of nuclear weapons, it is not against international cooperation in the peaceful use of nuclear energy. Of course, such cooperation should be conducted under the condition that safety will be ensured by the International Atomic Energy Agency.

In conclusion, Premier Li Peng said that during his visit to Iran, he was pleased to see that the people of Iran, under the leadership of Iranian leader Khamene'i and President Rafsanjani, have achieved tremendous results in building their country. He expressed his thanks for the lavish hospitality accorded him by the Iranian Government and people, and asked that the Iranian press convey his wishes to the Iranian people: Wishing Iran prosperity and its people happiness.

### Meets Khamene'i

OW0907020591 Beijing XINHUA Domestic Service  
in Chinese 0025 GMT 9 Jul 91

[By reporter Gao Xinghua (7559 5281 5478)]

[Text] Tehran, Jul 8 (XINHUA)—Visiting Chinese Premier Li Peng met with Iran's supreme leader Ayatollah Khamene'i this evening.

The meeting took place at the residence of Khamene'i. Khamene'i recalled with pleasure his visit to China in his capacity as the President of Iran in 1989. Premier Li Peng held talks with him at that time. The two leaders were especially glad when they met again on this occasion. Khamene'i inquired about the health of Chinese leaders Deng Xiaoping, Jiang Zemin, and Yang Shangkun. Li Peng told him they are in good health.

Khamene'i said Iran and China share many common positions. On that basis, he said, the two sides can have good cooperation and further expand their relationship. He

expressed the belief that Li's current visit will help promote the development of relations between the two countries.

Li Peng said that he completely agreed with the views of Khamene'i. He said that during the visit, the two sides have had excellent talks, sharing identical positions on the further development of bilateral ties and the establishment of a new international political and economic order.

In conclusion, Khamene'i wished the Chinese premier's visit to Iran to be a success and wished that Premier Li Peng and his party would have a good time in Iran. Li Peng wished Iran prosperity and its people happiness under the leadership of Khamene'i and Rafsanjani.

Among those who participated in the meeting were Iranian President Rafsanjani, First Vice President Habibi, and Foreign Minister Velayati. Chinese Foreign Minister Qian Qichen and Li Lanqing, minister of foreign economic relations and trade, also participated in the meeting.

#### Visits Khomeyni Shrine

OW0807100591 Beijing XINHUA in English  
0927 GMT 8 Jul 91

[Text] Tehran, July 8 (XINHUA)—Visiting Chinese Premier Li Peng today laid a wreath to the shrine of late Iranian leader Imam Khomeyni, who died in 1989.

Li, signing a visitors' book, wrote "eternal repose to the Grand Ayatollah Khomeyni, the founder of the Islamic Republic of Iran."

#### Meets Embassy Personnel

OW0907005091 Beijing XINHUA Domestic Service  
in Chinese 2050 GMT 8 Jul 91

["Li Peng Calls on Chinese Embassy Personnel in Iran; by reporter Li Hongqi (2621 4767 2475) for evening newspapers"—XINHUA headline]

[Text] Tehran, 8 Jul (XINHUA)—Visiting Chinese Premier Li Peng went to the official residence of Chinese ambassador to Iran to call on all the working personnel of the embassy, the personnel of other Chinese organs in Iran, and Chinese students studying in Iran.

Chinese personnel in Iran lined up in front of the door of the official residence to welcome Premier Li. Premier Li stepped out of his car amid applause, shook hands with those gathered there one by one, and then went inside the official residence and cheerfully had a group photo taken with them.

Premier Li briefed everyone present on his visits to Egypt and Jordan and on the achievements scored during those visits. Meanwhile, he also inquired in detail about the present situation concerning trade and economic cooperation between China and Iran, and gave important instructions on further expanding relations with Iran.

Madam Zhu Lin, wife of Premier Li; Qian Qichen, state councillor and foreign minister; and Li Lanqing, minister of foreign economic relations and trade participated in the meeting.

#### Qian Meets Velayati

HK0907105891 Beijing RENMIN RIBAO in Chinese  
9 Jul 91 p 6

[Report by reporter Zhou Shuchun (0719 2885 2504): "Chinese, Iranian Foreign Ministers Hold Talks"]

[Text] Teheran, 8 Jul (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen, who is accompanying Premier Li Peng on his visit to Iran, said here today that Gulf region affairs should be solved primarily through consultations among countries in the region.

Qian Qichen held talks with Iranian Foreign Minister 'Ali Akbar Velayati this afternoon. The two ministers exchanged views on a wide range of international issues during the talks.

Velayati gave an account of Iran's position on the Middle East and Gulf issues during the talks.

Discussing the Gulf situation, Qian Qichen said: "China maintains that the independence, sovereignty, and territorial integrity of all the Gulf states should be respected. The internal affairs of each country in this region should be handled by its people on their own, and Gulf region affairs should be solved primarily through consultations among countries in the region." Qian expressed appreciation for the recent steady improvement in Iran's relations with other Arab nations in the Gulf region.

During the talks, Qian Qichen also briefed his Iranian counterpart on Premier Li Peng's visits to Egypt and Jordan; the latest progress made in the recent meeting of the Cambodian Supreme National Council, presided over by Samdech Sihanouk; and the issue of Korea's UN membership.

#### Signs Cultural Accord

OW0807131791 Beijing XINHUA in English  
1254 GMT 8 Jul 91

[Text] Tehran, July 8 (XINHUA)—China and Iran signed a cultural exchange program here today during Chinese Premier Li Peng's official goodwill visit.

The program for 1991-92 covers various sectors of culture, art, science, education, health, social welfare, sports and news media.

The document was signed by Iranian Foreign Minister 'Ali Akbar Velayati and Chinese State Councillor and Foreign Minister Qian Qichen, who is travelling with Premier Li Peng.

### Li Lanqing Meets Counterpart

OW0907014891 Beijing XINHUA in English  
0056 GMT 9 Jul 91

[Text] Tehran, July 8 (XINHUA)—Top Chinese and Iranian trade officials have agreed that Sino-Iranian trade and economic co-operation enjoy a broad prospect.

Chinese minister of foreign economic relations and trade, Li Lanqing, who is traveling with visiting Premier Li Peng, held talks with Iranian minister of economics and finance, Mohsen Nurbakhsh, here on Monday.

The two ministers reviewed with satisfaction the trade and economic co-operation between their two countries in recent years, and discussed ways to further the co-operation.

They expressed the belief that the expansion of scope and spheres of co-operation will be beneficial to both sides, a Chinese source said.

The Chinese and Iranian Governments are willing to take measures to actively boost their existing good trade and economic relations in further "indepth and breadth."

They also agreed to hold a meeting of the Sino-Iranian Joint Economic and Trade Committee at an early date.

### Joint Communiqué Issued

OW0907085391 Beijing XINHUA Domestic Service  
in Chinese 0431 GMT 9 Jul 91

["Sino-Iranian Joint Communiqué"—XINHUA headline]

[Text] Tehran, 9 Jul (XINHUA)—At the invitation of 'Al Akbar Hashemi-Rafsanjani, president of the Islamic Republic of Iran, Li Peng, premier of the State Council of the People's Republic of China, paid an official visit to the Islamic Republic of Iran from 7 to 9 July 1991.

Premier Li Peng and his delegation met with Ayatollah Khamene'i and in a cordial and friendly atmosphere held a broad range of talks with President Rafsanjani on Sino-Iranian bilateral relations, as well as on issues of common concern. They reached identical views on these issues.

During the visit, Premier Li Peng also met with Iran's First Vice President Dr. Hasan Habibi and other high-ranking Iranian leaders. Li Peng also visited the famous historical city of Esfahan.

1. The leaders of the two countries exchanged views on the current international situation. They held that progress has been made in the relaxation of tension and in arms reduction, while at the same time international relations are still full of contradictions. Some international and regional issues have not been solved yet. Maintaining peace and promoting development remain the fundamental objectives of the international community.

2. Both sides advocate the establishment of a new, just, international political order on the basis of the principles

of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. The present unjust international economic order should be replaced by a new international economic order that is just and reasonable, and that stresses equality, mutual benefit, and exchange of equal values. This kind of new order is favorable for the development of mankind, conducive to world peace, and represents the common aspirations of people in all countries of the world. Both sides maintain that the formation of a new international order is a long and complicated process; that participation by all members of the international community, respect for the Charter of the United Nations, and fulfillment of the established principles of international law are the conditions for establishing a new international order; and that such efforts should not lead to a new order dominated by any single country. China and Iran are going to make necessary efforts, together with every other country, for the establishment of a new international order.

3. Both sides expect the United Nations to play a more active role in solving regional conflicts, maintaining world peace, and promoting the development of every country. They also maintain that it is necessary to conduct more cooperation for strengthening the role of the United Nations.

4. The two sides conducted an extensive exchange of views on the situation in the Persian Gulf. Both sides agreed that the affairs in the Persian Gulf region should be solved by the countries there, and all these countries should play their due role. The independence, sovereignty, and territorial integrity of all countries should be respected, and they should handle their internal affairs themselves. All countries in the region should strengthen economic and trade cooperation on the basis of respect for sovereignty, equality, and mutual benefit so as to achieve both stability, and common development and prosperity in the region. The Chinese side believes that the Islamic Republic of Iran plays a significant role in maintaining peace in the region and the world.

5. In view of the fact that the Iran-Iraq war has ended, both sides agreed that Resolution 598 adopted by the UN Security Council should be implemented seriously in all aspects.

6. The two sides discussed the Middle East situation, and they both stand for a just, reasonable, and comprehensive settlement of the Middle East question. Both sides reiterated that Israel should withdraw from occupied land, and that the legal rights of the Palestinian people should be restored. Both sides are opposed to Israeli authorities' resettlement of Jewish immigrants on occupied Palestinian territory and establishment of immigrant-settling points there.

7. Both sides call for the complete prohibition and thorough destruction of nuclear, chemical, and biological weapons, and hold that arms control in the world



should follow the principle of fairness, reasonableness, comprehensiveness, and balance.

8. Both sides stressed the necessity of solving the Afghan issue as soon as possible.

9. The leaders of the two countries expressed satisfaction with the sustained and stable development of Sino-Iranian friendly and cooperative relations since the victory of Iran's Islamic revolution. Both sides decided to make concerted efforts to develop in greater depth the friendly and cooperative relations between the two countries in all fields on the basis of mutual benefit. Both sides believe that such cooperation not only meets the basic interests of the people of the two countries, but is bound to play an effective role in maintaining regional and world peace and development.

10. Both sides held that the exchange of visits by leaders of the two countries plays a significant role in furthering their friendly and cooperative relations in various fields. Premier Li Peng relayed an invitation from Yang Shangkun, president of the People's Republic of China, to President Hashemi-Rafsanjani for another visit to China. He also welcomed the first vice president, Dr. Habibi, to visit China at a convenient time. President Rafsanjani and First Vice President Habibi accepted the invitations with pleasure. Specific dates for their visits will be decided on after consultations through diplomatic channels. President Hashemi-Rafsanjani reiterated his invitation to President Yang Shangkun for a visit to Iran and hoped that he will come in the near future.

[dated] 9 July 1991 Tehran

### Li Visits Esfahan

OW0907123491 Beijing XINHUA in English  
1213 GMT 9 Jul 91

[Text] Esfahan, July 9 (XINHUA)—Visiting Chinese Premier Li Peng said today that his visit to Iran has achieved a "complete success."

Li made the remarks at the Tehran airport before leaving to Esfahan to continue his three-day official goodwill visit to the country.

Li arrived in Esfahan, Iran's second biggest city, at noon time and was accorded a warm welcome at the Esfahan airport. Provincial Governor Mohandes Vaghefi presided over a grand welcoming ceremony.

Located in central Iran, 600 kilometers south of Tehran, Esfahan is known for its cultural and historical sites.

Esfahan has formed sisterly ties with Xian, a well-known ancient cultural city in China.

The Chinese premier will make a brief tour to the city and then leave here this afternoon for Saudi Arabia, the fourth leg of his six-nation Mid-East tour. He will also visit Syria and Kuwait.

### 'Backgrounder' on Saudi Arabia's Economic Power

OW0807063891 Beijing XINHUA in English  
0507 GMT 8 Jul 91

["Backgrounder" on "Saudi Arabia: Economic Power in Middle East"—XINHUA headline]

[Text] Beijing, July 8 (XINHUA)—Saudi Arabia has grown into an economic power in the Middle East by making vigorous strides in developing its petroleum industry and diversifying its economy in the past two decades.

Exploitation of petroleum, the basis of Saudi Arabia's modern prosperity, began in 1933, and commercially exploitable deposits were discovered in the eastern province in 1938.

With oil earning greatly increased since the 1960s, Saudi Arabia has become one of the countries that have recorded the fastest growth rates in the recent two decades. It has not only developed its petroleum industry but also diversified its economy, laying a solid foundation for a modern economy.

By 1990, Saudi Arabia had completed four five-year development plans focusing on the diversification of its economy. Now the country's industry includes petrochemical, mining, manufacturing, and power generating.

Desert-covered as it is, the country has made very remarkable progress in agriculture over the past decade as well. Its principle crop is wheat. Since the late 1980s, it has had a large quantity of surplus wheat to export, making itself the sixth largest wheat-exporter in the world. Barley, sorghum, millet, tomatoes, dates and grapes are also significantly produced. The country is also self-sufficient in many dairy products, and in eggs and broiler chickens.

As a country which has the largest oil reserves in the world, Saudi Arabia is a powerful member of OPEC. During the 1980s it used its influence to enforce the organization's production quotas to maintain prices and to sustain OPEC's influence in the world energy market.

Saudi Arabia has a population of more than 12 million people. Revenues from the petroleum industry have enabled the Saudi Arabian Government to provide free medicine and free medical care for all citizens and foreign residents. By 1987 the number of hospitals under the control of the Ministry of Health had increased to 149 with a total of 26,184 beds.

The government has attached great importance also to education and personnel training. Elementary, secondary and higher education are available free of charge. According to estimates by UNESCO, adult illiteracy declined from 87.5 percent in 1962 to 75.4 percent in 1980. By 1989 there were seven universities, 160 teacher-training institutes and 37 commercial, industrial and agricultural institutes.

The industry of sea-water desalinization in Saudi Arabia has developed very fast. It desalts more than 500 million gallons of sea-water every day and has become a fresh water supplier for its neighbouring countries.

## 'Backgrounders' Affirm Stances on Mideast Issues

### Arms Control Position

OW0907112791 Beijing XINHUA in English  
1057 GMT 9 Jul 91

["Backgrounder: China's Position on Middle East Arms Control"—XINHUA headline]

[Text] Beijing, July 9 (XINHUA)—Following are some background information about the Chinese Government's stand on arms control in the Middle East region:

—On June 26, 1991, Chinese Premier Li Peng said at the Diaoyutai State Guesthouse in Beijing that China takes a positive attitude toward arms control and that China's arms export is very limited.

The Chinese Government is willing to participate in talks and consultations on arms control that may be conducive to world peace and regional stability, Li added.

—On June 27, 1991, Chinese Foreign Ministry Spokesman Wu Jianmin told a press conference that "China will send Vice Foreign Minister Liu Huaqiu to a Middle East arms control conference to be held in Paris by the five permanent members of the U.N. Security Council."

"The conference is a very important one. In order to make it a success, we would like to explore with all parties on the basic principles of arms control in the Middle East, so as to contribute to a stable foundation for a relatively low level of armament," he said.

He stressed that "the root cause of tension and arms race in the Middle East lies in the procrastination of a solution to the regional issue."

"Arms control in the Middle East is closely linked with the political settlement of the Middle East issue, and the realization of the arms control will constitute part of that political settlement," the spokesman said.

"We hope that this conference will contribute to the realization of peace and security in the Middle East region, and will thus create conditions for an early settlement of the prolonged Middle East issue," he added.

—On July 4, 1991, Wu Jianmin, spokesman of the Chinese Foreign Ministry, who is accompanying Premier Li Peng on a five-day visit to Egypt, announced China's three-point position on arms control in the Middle East:

1. The Middle East should be made a region free from nuclear, chemical, biological or any other forms of weapons of mass destruction.

2. A principle of "comprehensiveness and balance" should be followed in the process of arms control in the Middle East. The "comprehensiveness" means that all countries in the region and all their weapons must be counted in the arms control, while the "balance" means no action to worsen the regional arms imbalance or to create a new imbalance.

3. The arms race in the Middle East resulted from the failure in finding a solution to the Middle East issue, especially, the Arab-Israeli conflict. Therefore as part of a political solution to the Middle East issue, arms control measures should go abreast with active efforts to promote peace process in the region.

—On July 5, 1991, visiting Chinese Premier Li Peng in Cairo set forth China's position on arms control in the Middle East region.

He said, "By comprehensiveness, we mean that all countries in the region must be put under arms control, without cases of exercising control over some countries while relaxing control on others."

This comprehensiveness also means that all kinds of weapons should be under control to avoid the situation where certain weapons are controlled while other weapons are not, he said.

The premier went on to say "by balance we mean no intensification of the existing arms imbalance and no creation of a new imbalance."

—On July 6, 1991, Chinese Foreign Ministry Spokesman Wu Jianmin set forth three principles China follows in arms export:

1. The purpose of the export is to help importing countries defence themselves.

2. China takes it into account that the arms sales will not upset the regional arms balance.

3. China will not take advantage of arms sales to interfere in the internal affairs of other countries.

—On July 8, 1991, Chinese Vice Foreign Minister Liu Huaqiu stated that arms control in the Middle East should be conducted in an equal, reasonable, comprehensive and balanced way.

He said arms control in the region is inseparable from a just and comprehensive political settlement of the Middle East question with the Palestine issue at its heart.

He said that a major part of the weapons sales to the Middle East region have come from the developed countries, for example, over 70 percent of arms imports by the Middle East countries between 1985 and 1988 came from major developed countries, of which the lion's share was taken by just one or two big powers whose annual weapon sales to that region exceed 10 billion U.S. dollars.



**International Conference Urged**

OW0907113391 Beijing XINHUA in English  
1018 GMT 9 Jul 91

["Backgrounder: China's Stand on Middle East Issue."—XINHUA headline]

[Text] Beijing, July 9 (XINHUA)—Following are some background information about China's stand on the Middle East issue:

—Chinese Foreign Minister Qian Qichen explained China's three-point stand on the Middle East issue in a press conference in Jeddah, Saudi Arabia, on July 22, 1990.

The three-point stand is:

First, China advocates the peaceful settlement of the Middle East issue and hopes all parties concerned refrain from resorting to force.

Second, a U.N. sponsored Middle East peace conference to be convened with participation of five permanent members of the U.N. Security Council and all parties concerned to discuss the concrete measures for the settlement of the problem in the region.

Third, Palestine and Israel to recognize each other and Jewish and Palestinians to live with each other peacefully.

In order to turn all these into reality, it is crucial to respect the Palestinians' right of self-determination and for Israel to pull out of the occupied Arab territories.

—On July 3, 1991, Chinese Prime Minister Li Peng said at a banquet in his honor hosted by Egyptian president that the Chinese Government has always supported the Arab people and the Palestinians in their just cause for recovering their lost territories and restoring their national rights.

He said the U.N. Security Council Resolutions 242 and 338 and other relevant resolution should form the basis of just and reasonable resolution of Middle East problem.

"The occupied Arab territories should be returned and the legitimate national rights of the Palestinians should be restored and meanwhile, Israel's sovereignty and security should also be respected and guaranteed."

Li said, "We support the constructive initiatives, including bilateral and multi-lateral dialogues and consultations, taken by the parties concerned for the permanent peace in the region."

"We likewise support the convocation of a well-prepared international conference at an appropriate time under the auspices of the United Nations and attended by the five permanent members of the Security Council and the parties concerned," he said.

The Chinese premier said all parties concerned should pledge to refrain from the use of force and to take practical measures to ease tension and gradually build mutual trusts.

At the same time, he said, they should agree to a balanced and comprehensive arms reduction and ban of the use of and destruction of nuclear, biological and chemical weapons. [sentence as received]

Li also expressed the hope that all Middle East countries will try to establish a new political and economic order in the region based on the Five Principles of Peaceful Coexistence to realize the harmony among countries in the region.

**Omani Cultural Delegation Arrives for 10-Day Tour**

OW0807183091 Beijing XINHUA in English  
1424 GMT 8 Jul 91

[Text] Beijing, July 8 (XINHUA)—Faysal Bin-'Ali al Sa'id, minister of national heritage and culture of the Sultanate of Oman, arrived here by a special plane at the head of a government cultural delegation.

In its 10-day friendly visit to China at the invitation of He Jingzhi, acting minister of culture of China, the cultural delegation will attend the cultural week of the Sultanate of Oman on the occasion of the 10th anniversary of Omar's traditional seacraft "Sohar" to China. The cultural week includes Omani symposium, Oman's cultural exhibition and Omani folkloric evening.

Minister Faysal will hold talks with Chinese Acting Minister He Jingzhi in Beijing.

The delegation will also tour Guangzhou after visiting Beijing.

**Meets He Jingzhi**

OW0907085891 Beijing XINHUA in English  
0733 GMT 9 Jul 91

[Text] Beijing, July 9 (XINHUA)—He Jingzhi, acting minister of culture of China, and Faysal Bin-'Ali Al Sa'id, minister of national heritage and culture of Oman, held talks here this morning.

They exchanged views on further promoting the cultural contacts between the two countries.

Later today, the Chinese People's Association for Friendship With Foreign Countries and the Oman Embassy in Beijing jointly sponsored a symposium on Oman.

**East Europe****Military Delegation Visits E. Europe 'Late May'**

HK0407060891 Hong Kong HONGKONG STANDARD  
in English 4 Jul 91 p 1

[By Cheung Po-ling]

[Text] China is seeking ways to expand its military influence as far as the former East bloc countries following the formal dissolution of the Warsaw Pact on Monday.

Sources in Beijing said China had dispatched a military delegation headed by General Fu Jiaping, Director of the Foreign Affairs Bureau of the Defence Ministry, to Bulgaria, Romania and Poland in late May.

During General Fu's visit, which ended in early June, the three countries had basically agreed to resume military links with China, including military exchanges and cooperation in defence matters. Such cooperation would also include the export of arms to China, especially the Soviet-designed tanks and fighters stockpiled by the Eastern European countries.

With the collapse of communism in Eastern Europe two years ago, the former Warsaw Pact nations no longer came under the protective umbrella of the Soviet Union. As a result they have certain misgivings about maintaining their territorial integrity and sovereignty.

"China is deeply interested in consolidating its footing in these countries, especially when most of them will welcome such a move," said a source.

"By teaming up with China militarily, the East European countries would find themselves in a better position to resist possible military interference from neighbouring countries such as Germany."

China was also interested in acquiring arms and ammunition produced by Eastern Europeans.

"Although these arms are generally considered outdated, they are more advanced than those manufactured in China," sources said.

#### **Yang Shangkun Meets Romanian Minister of State**

OW0807084191 Beijing XINHUA in English  
0801 GMT 8 Jul 91

[Text] Beijing, July 8 (XINHUA)—Chinese President Yang Shangkun met here today with a Romanian government delegation led by Minister of State Dan Mircea Popescu.

Yang extended a welcome to the guests who arrived here to attend the 11th meeting of the Sino-Romanian Committee on Economic and Technological Cooperation held from July 2 to 8. Yang also expressed his congratulations on the success of the meeting.

In a conversation with the Romanian guests, the Chinese president said that both the Romanian and the Chinese people are striving to build their own countries. A country can become strong only by developing its economy.

Yang said that China has shared a traditional friendship with Romania. He expressed the hope that people from all walks of life in the two countries will strengthen contacts, promote a mutual understanding, and maintain and develop the existing friendly relations of cooperation between the two countries.

Popescu conveyed to Yang greetings and an invitation to visit Romania from President Ion Iliescu. In response, Yang expressed his thanks and asked Popescu to convey his greetings to Iliescu.

Popescu said that Romania has always regarded the Chinese people as a true friend of the Romanian people.

Present at the meeting was Zou Jiahua, vice-premier and the Chinese side's chairman of the Sino-Romanian Committee on Economic and Technological Cooperation.

After the meeting, an agreement was signed between the Chinese and Romanian Governments. Under the agreement, China will provide 20 million U.S. dollars in commodity loans to Romania.

On the same occasion, the two sides also signed a protocol of the Sino-Romanian Committee on Economic and Technological Cooperation.

Zou and Popescu signed the two documents on behalf of their respective governments.

#### **Meeting With Shanghai Mayor**

OW0707034691 Shanghai People's Radio Network  
in Mandarin 2200 GMT 4 Jul 91

[From the "Morning News" program]

[Text] Shanghai Mayor Huang Ju met with Popescu, minister of national defense of Romania [title as heard], and his entourage at the Hilton Hotel in Jingan District yesterday evening [4 July]. Mayor Huang Ju extended a warm welcome to the Romanian guests. After briefing the guests on Shanghai's economic development and the development plan of Pudong, he said: Shanghai will further promote economic exchanges and cooperation with Romania in its future development.

Minister Popescu said that the friendship between Romania and China will be further enhanced through mutual visits.

Popescu and party are on visit to China at the invitation of Vice Premier Zou Jiahua. Accompanied by Gu Yongjiang, vice minister of foreign economic relations and trade, the Romanian guests arrived in Shanghai yesterday afternoon.

#### **Czechoslovakia To Devalue Currency**

OW0407011891 Beijing XINHUA in English  
0014 GMT 4 Jul 91

[Text] London, July 3 (XINHUA)—Czechoslovakia will be forced to devalue the crown next year because its economy can not "keep pace" with the West, a Czechoslovak minister said today.

Economy Minister Vladimir Dlouhy told a group of businessmen in London, "next year we will not be able to keep pace with the productivity of the countries to which the currency is pinned."

"So we will be forced to devalue," he added.

The crown became convertible on January 1 this year after its exchange rate linked to the currencies of five Western developed countries.

#### **CSFR Publishes 1990 Budget Final Accounts**

*OW0907060491 Beijing XINHUA in English  
0231 GMT 9 Jul 91*

[Text] Prague, July 8 (XINHUA)—Prague newspapers today published Czechoslovakia's final federal accounts for the 1990 budget which were approved by the Federal Assembly on July 4.

The final federal accounts showed the income totaled 152.4 billion korunas (about 5.08 billion U.S. dollars), expenditure at 148.4 billion korunas (about 4.9 billion U.S. dollars) and the surplus at 4 billion korunas (about 130 million U.S. dollars).

Financial Minister Vaclav Klaus explained that the 1990 budget was aimed to carry out economic reform by tightening money supply and curbing inflation.

The final result of the budget showed the main economic goals had been basically reached with the overall demand declined and growth of inflation contained.

Klaus also said that the country's foreign debts rose only by 200 million U.S. dollars to a total of 8.1 billion U.S. dollars last year.

#### **Hungarian Foreign Trade Deficit Soars**

*OW0907045291 Beijing XINHUA in English  
0150 GMT 9 Jul 91*

[Text] Budapest, July 8 (XINHUA)—Hungary's foreign trade deficit reached 750 million U.S. dollars in the first five months of this year, the minister of international economic relations, Bela Kadar, announced here today.

Kadar said that in the five months, the country's imports increased by 90 percent while its exports went up by only 30 percent.

He said that because interest by the Soviet Union and other East European countries (as well as Hungary itself) in Hungarian products was tailing off, the trade volume declined, by 52 percent with the Soviet Union alone, compared to the same period of last year.

He said it was estimated the drop in the gross national product would be six to eight percent, which was larger than last year. The decline in some production departments had reached 40 percent, he said.

Last year, Hungary had more than 900 million U.S. dollars of favourable balance of trade, thanks to increasing exports to the Western countries.

Kadar predicted earlier that the trade deficit would be further increased this year.



## Political & Social

### Jiang Zemin Writes Script on Serving People

OW0607054091 Shanghai JIEFANG RIBAO  
in Chinese 30 Jun 91 p 1

[Radio script by Jiang Zemin: "Forever Uphold the Goal of Serving the People"; from the "Today's Forum" program by the Shanghai People's Broadcasting Station on 1 July 1987]

[Text] The CPC has traversed a glorious course for 66 years during which it has experienced tremendous hardships, bloodshed and countless sacrifices. In reviewing the CPC's history today, we cannot forget the revolutionary martyrs who shed their blood and laid down their lives for the revolutionary cause in every stage of the revolution in the past. At that time, our Communist Party members shed blood and made sacrifices in order to overthrow the old reactionary rule and establish the people's regime. Our fundamental goal was to abolish the system of exploitation of man by man and serve the interests of as many people as possible.

Now, the goal for seizing political power has long been realized and things have changed drastically: The Communist Party has become a ruling party. Each and every Communist Party member finds himself in an environment and facing circumstances very much different from the past. In the harsh revolutionary war years of the past, joining the Communist Party meant facing a test of life and death. Now many communists have become leaders. They are officials, no matter how high or low their positions are. In other words, under the new circumstances and under the condition that the CPC is acting as the ruling party, it is not easy for our Communist Party members to constantly keep in mind the idea of serving the people after they have power in their hands. This is another big test for us indeed.

The goal of our Communist Party is to serve the people. In the past, it was for this goal that we shed blood and sacrificed lives to seize political power. Now it is also for this goal that we continue to work hard to build socialism. To Communist Party members, this means they must forever uphold the goal of serving the people.

By upholding this goal, we will give first priority to the people's interests, and withstand the tests of fame, position, and material interests. When faced with a task, we will first think about what more we can do for the people and how to be a good servant of the people.

By upholding this goal, we will do our best to ensure satisfactory performance in ordinary posts and work. We will learn to master and love the jobs we do as long as they are for the good of the people.

We will take the socialist road with Chinese characteristics in order to make China prosperous and strong as soon as possible, which means bringing the most benefits to and serving the people throughout China. What is the way out

for taking the socialist road with Chinese characteristics? The only way out is to successfully conduct reform and open to the outside world while upholding the four cardinal principles. Now we have decided on the great direction. The general principles and policy of this great direction are correct and can bring benefits to the people. However, taking the socialist road with Chinese characteristics is something no one has ever done before, which requires us to explore and put it into practice. Along the way, we are bound to encounter many difficulties and tortuous paths and will be required to make many personal sacrifices. With a firm belief in serving the people, we will not be afraid of losing anything or waging a hard struggle, and will actively carry out and promote reform, and make useful contributions to reform and opening to the outside world.

### Leaders Inscribe Procuratorial Paper

OW0507180091 Beijing XINHUA Domestic Service  
in Chinese 0607 GMT 4 Jul 91

[By RENMIN RIBAO reporter Mao Lei (3029 4320) and XINHUA reporter Chen Yan (7115 7159)]

[Text] Beijing, 4 July (XINHUA)—In a ceremony today at the Great Hall of the People in Beijing, it was announced that "ZHONGGUO JIANCHA BAO" [CHINA PROCURATORIAL NEWS 0022 0948 2914 1390 1032], the title of which was written by Comrade Deng Xiaoping, had begun publication. Li Peng, Wan Li, Wang Zhen, Bo Yibo, Song Renqiong, Fei Xiaotong, Lei Jieqiong, Wang Hanbin, Zhou Peiyuan, and others separately wrote inscriptions for this newspaper.

The aim of "ZHONGGUO JIANCHA BAO," as the organ of the Supreme People's Procuratorate, is to comply with party and state central tasks and to serve the people's procuratorial needs.

Chen Pixian and Peng Chong, vice chairmen of the National People's Congress Standing Committee, were present to extend congratulations and spoke separately. They expressed the hope that "ZHONGGUO JIANCHA BAO" will be geared to the needs of society, stick close to realities, strive to publicize the party and government's results in punishing graft, bribery, and other corrupt phenomena; publicize the lofty sentiments of state functionaries who are faithful in discharging their duties, are honest, just, clean-handed, and clearheaded; and strengthen socialist democracy and the legal system through the media's propaganda.

Liu Fuzhi, procurator general of the Supreme People's Procuratorate, also spoke at the meeting.

### Inscribe Revolutionary's Residence

OW0507133491 Beijing Central Television Program  
One Network in Mandarin 1300 GMT 3 Jul 91

[From the "Night News" program]

[Text] The old residence of Wang Ruofei formally opened for the public on the eve of 1 July. Wang Ruofei

was a revolutionary in the early stages of our country's revolution. In his early years, he went to Europe under a work-study program with Zhou Enlai, Deng Xiaoping, and others. Unfortunately, he died in an airplane accident when he flew from Chongqing to Yanan in 1946.

Vice President Wang Zhen wrote an inscription for Wang Ruofei's old residence. It reads: The Righteousness of Communism Will Last Forever. Premier Li Peng's inscription reads:

Be Staunch, Indomitable, and a Model for the Future Generation.

### Book by Bo Yibo Marks Party Anniversary

#### Article Lauds Work

HK0407001491 Beijing RENMIN RIBAO in Chinese  
29 Jun 91 p 5

[Article by Yu Quan (0205 3128): "Studying Review of Several Major Policy Decisions, Events"]

[Text] On the occasion of the 70th anniversary of the founding of the CPC, the CPC Central Committee's Party School has published Comrade Bo Yibo's important work *Review of Several Major Policy Decisions and Events* (Vol. 1). In the past few years Comrade Bo Yibo has cherished a wish to review, analyze, and sum up lessons and experiences of economic and social development for the first 17 years since the founding of the republic, on the basis of his understanding of the formulation and implementation of several major policies by referring to the relevant material providing historical explanations and understanding from the relevant central departments, to formally compile a party and state history for experts and academics to study this historical period. Obviously, Comrade Bo Yibo's task in this respect is quite necessary and very significant.

**The most prominent characteristic of this book is, as the writer says in the preface, its emphasis on the "formulation of some major decisions of the party and the state concerning economic and social development as well as the origin and development of some major events."**

After the founding of the republic, our party became the ruling party. Achievements in economic construction and social development depend to a large extent on the party's major policy-decisions. If policy-decisions are correct economic construction will develop smoothly, the state will prosper, and the people will work and live in contentment; if policy-decisions are faulty, there will be setbacks in economic construction and the interests of the state and the people will be seriously harmed. Therefore, to reduce errors in work to a minimum, it is very important to study major policy-decisions on economic and social development since the founding of the republic. Major policy-decisions are made by the party's top collective leadership with the participation of only a small number of people. In addition, there are restrictions on the use of reference material, thus making the

study of this subject even more difficult. We may say that for a long time, no breakthrough have been made in this study. Comrade Bo Yibo's book fills the gap in this respect. For a long time after the founding of the republic, he was responsible for leadership over economic work and "had a certain understanding of the formulation and implementation of the central authorities' major decisions"; he was supported by the central authorities and the relevant departments in writing this book. Therefore, he has made important progress and gratifying achievements in this study.

In the first volume, many parts deal with major policy-decisions and events, such as those on the party shifting its work focus from rural to urban areas before and after it entered big cities; the policy on taking over cities; the principles on New China's economic construction; foreign policy; unified financial and economic work; controlling commodity prices; preserving the rich peasants economy during land reform in newly liberated areas; executing major grafters, Liu Qingshan and Zhang Zishan, during the struggle against corruption; differences and debates over agricultural cooperatives; the formulation of the general line for the transitional period; the establishment of the unified purchase and marketing system; the First Five-Year Plan and industrial construction centering on "156 projects"; tremendous achievements in the three major transformations and some mistakes in this work; the emergence of the famous article "On the Ten Major Relationships"; opposing rashness and the party's eight correct decisions. These chapters have made a very deep impression on readers.

Most of these major policy-decisions and events are familiar to people. But apart from some veteran comrades who took part in the formulation of these decisions, other people have little knowledge of it. Comrade Bo Yibo's book provides detailed explanations on how these decisions were made. We may say that this book has basically served its purpose. For example, to explain how the Second Plenary Session of the Seventh CPC Central Committee drew up the policy for New China's economic construction, the writer recalls the discussion at an enlarged meeting of the CPC Central Committee's Political Bureau in September 1948; recalls Chairman Mao's and Comrade Liu Shaoqi's amendments of Comrade Zhang Wentian's "outline for the basic principles on northeast China's economic composition and economic construction"; recalls further discussion at a meeting of the Political Bureau in January 1949; and recalls the discussion between Mikoyan, member of the CPSU Central Committee's Political Bureau, and five comrades from the CPC Central Committee's Secretariat during the former's visit to China. Reading these will make us easily understand how the principles for economic construction were formulated by the Central Committee before and after the party entered the cities. Thus we can have a deeper understanding of the resolutions adopted by the Second Plenary Session of the Seventh CPC Central Committee.

Another example is this: After the end of the restoration period for the national economy, the party Central Committee formulated the general line for the transitional period in 1953. This is known to everyone. Based on his personal notes on the Central Committee's preparations starting for the formulation of the general line starting in September 1952, and on several discussions subsequent to these preparations, according to Comrade Liu Shaoqi's letter to Stalin concerning our party Central Committee's preparations for the formulation of the general line, and taking into account some actual situations he had come across, the writer explains very explicitly the formulation of the general line.

**The second characteristic of this book is that the writer not only relates the emergence and development of major decisions and events, but also uses historical materialism to make profound and practical appraisals of these decisions and events, thus integrating "history" with "appraisals."**

Many chapters in the book provide readers with picturesque descriptions of the revolution and construction. These include special chapters on "not forgetting the enlightenment of history," "today's introspection," "thoughts amid a review," "comments in the course of reform," "lessons to remember," "where the faults are," "appraisal of the agricultural cooperative movement," and "thoughts about intellectuals." These special chapters have helped sum up historical lessons and experiences and afforded readers deep enlightenment and education. For example, on "a debate over developing agricultural cooperatives in Shanxi," the writer first explains how the debate over Comrade Liu Shaoqi's instructions about Shanxi's agricultural mutual aid and cooperation occurred, on 3 July 1951; he adds subsequently that this debate was the continuation of the 1950 debate over rich peasant party members in northeast China; finally he makes overall, practical comments on this issue in "today's introspection." On the one hand, he points out that there were faults in Comrade Liu Shaoqi's instructions and the way the writer handled the problem at that time: Criticism was too excessive, there was a lack of correct understanding on the intermediate role of primary agricultural cooperatives in developing agricultural mutual aid and cooperation, and overemphasis was laid on the need for mechanization before cooperative transformation of agriculture was introduced. On the other hand, he confirms the main aspects of Comrade Liu Shaoqi's instructions, which pointed out three main problems of understanding hampering the healthy development of China's rural economy: 1) Being too worried about the peasants' spontaneous tendency; 2) taking the peasants' absolute egalitarianism as socialism; and 3) carrying out agricultural socialist transformation without industrial development. Because Comrade Liu Shaoqi's instructions were criticized, our understanding of these three problems remained vague for a long time thus giving rise to faults in the subsequent agricultural socialist transformation and in rural economic life. The writer's views are pertinent in this

respect, neither confirming nor negating everything, but providing a detailed analysis and making a scientific conclusion according to historical facts.

Providing descriptions and explanations, the writer expresses his significant views in many parts of this book. In the chapter on "unified purchasing and marketing," he explains the background for the implementation of the unified purchasing and marketing of grain at that time and how the Central Committee made its final decision after sieving and selecting according to eight methods. Then he makes these remarks: "The party's policymaking is a major branch of knowledge. So far we cannot say that we have mastered this branch of knowledge. But as I see it, the formulation of the party's policy on unified purchasing and marketing of grain at that time provided an example for us on making correct decisions. This provided valuable experience and enlightenment for both the procedures and methods of policymaking. This is embodied in Comrade Chen Yun's report, Comrade Deng Xiaoping's speech, and Chairman Mao's speech. According to policymaking procedures, the party Central Committee and Chairman Mao first instructed the Central Finance Commission to consider the overall situation, to propose methods and plans for the supply and marketing of grain, to hold a meeting for discussion, and to solicit opinions from people in and outside the party, thus fully displaying democratic spirit and upholding the principle of seeking truth from facts. This was really being very cautious. In terms of policymaking methods, they proposed an eight-point program with detailed analysis, repeated theoretical proofing, and repeated comparisons, taking account of feasibility, costs, and benefits. After confirming that unified purchasing and marketing was a feasible policy, the advantages and disadvantages were pointed out so that everyone could make mental preparations. This is really being materialist and dialectical. I think these democratic policymaking procedures and scientific policymaking methods are still worth following and developing in our present-day economic, political, cultural, and social development. In policymaking, it is impractical and difficult to demand perfection. But it is absolutely possible to reduce and prevent faults as long as we follow these procedures and methods."

**The third characteristic of this book is that it is rich in content and full of historical facts, many of which are rarely seen in historical material, although they are not "classified information."**

In writing books about history or memoirs, one should do one's best to relate major historical events and basic historical facts. This is a matter of prime importance for historical researchers. Only by explaining historical facts, can we indicate certain laws governing things and express pertinent and thorough comments. Although Comrade Bo Yibo's book does not include all the party's history or economic development history since the founding of the republic, it provides comparatively complete and explicit explanations of major events, and some of these explanations are incisive and vivid. For



example, on the policy toward rich peasants during land reform after the founding of the republic, the writer first recalls the change in the party's policy toward rich peasants since the land reform period, and explains in detail the Central Committee's discussion on, and formulation of, this policy. Then he talks about the implementation of this policy and the results of that implementation. On the implementation of unified purchasing and marketing of grain in 1953, the writer explains very clearly this important policy which has an important bearing on the Chinese people's food and clothing and which has been implemented for decades, in five parts comprising of "a grim situation in grain purchasing and marketing," "a choice between two kinds of 'explosives' [zha yao 3498 5522]," the "basic composition of the policy of unified purchasing and marketing," the "development of the system of unified purchasing and marketing," and "comments in the course of reform." In the chapter on "investigating and probing the formulation of 'On the Ten Major Relationships,'" the writer explains meticulously how Chairman Mao and Comrade Liu Shaoqi listened to reports from some 30 ministries and commissions in the spring of 1956, how the article "On the Ten Major Relationships" was compiled, and how the road of socialist construction suitable for China's national conditions was explored. The writer also explains in an orderly way the emergence of rash advancement in 1955 and the formulation of eight correct policies against rash advancement which occurred on three occasions. This suggests the writer's down-to-earth spirit and style.

In the preface to this book, the writer points out: "Many parts of this book cannot be found in historical records. I feel it my duty to write about the situation truthfully for people at present and in the future to explore." Having held important leadership posts for a long time, the writer has taken part in the formulation and implementation of many important policies and thus has a wide range of knowledge. Therefore his recollections of some events in the book are quite valuable. These have filled some gaps in historical material. For example, the writer provides precious reference material on Comrade Liu Shaoqi's and Chairman Mao's visits to the Soviet Union and on the Central Committee's final decision to severely punish Liu Qingshan and Zhang Zishan. This "new and vivid information" is interesting to read.

**Another characteristic of this book is that it is objective and fair and comprises true descriptions and proper appraisals of historical problems and historical events.**

China is a country with an ancient civilization and a history of 5,000 years. An immense number of history books and historians have emerged in this country, such as Sima Qian, Bangu, Liu Zhier, and Zhang Xuecheng. Communists should be more "practical" and "honest" in writing history, because communists take seeking truth from facts as their world outlook and methodology. Comrade Bo Yibo did his best to follow this spirit in writing this book. In the course of writing, he frequently

stressed the need to respect historical facts. He even considered something involving himself as an objective fact for study.

At a national financial work meeting in the summer of 1953, he was criticized for amending the taxation system. At the meeting, Gao Gang and Rao Shushi criticized Bo Yibo with the aim of vilifying Liu Shaoqi. Bo Yibo was forced to accept the criticism. But his problem was clarified when the Gao-Rao problems were exposed. Today, 38 years later, the writer provides detailed descriptions of how the meeting was initiated, how it proceeded, and what measures were taken to handle them after the meeting, without concealing his faults or glossing over his mistakes. He still admits that there was some justification for his being criticized and that his amendment of the taxation system was faulty, adding that "he will bear the responsibility forever." This spirit of being harsh with oneself is worthy of esteem.

On Comrade Liu Shaoqi's speech in Tianjin, he, taking account of his personal contacts with Liu, explains clearly how this matter happened, and makes an objective and fair appraisal of Liu's speech, confirming that the basic spirit of his speech corresponded with the resolution of the Second Plenary Session of the Seventh CPC Central Committee, that Liu tried to implement Chairman Mao's idea and proposal, and that this speech played a positive role in work at that time. At the same time he points out some inappropriate remarks in Liu's speech, making it clear that these remarks were "too strong."

The writer also takes a historical and analytical attitude when exposing the mistakes and crimes of Gao Gang, Liu Qingshan, and Zhang Zishan, who all turned from positive into negative. He does not negate them completely or deny their achievements in history. When commenting on Gao Gang, he points out: "He did a great deal of work in building the northwest revolutionary base, in leading the revolution and construction in the northeast liberated area, in supporting the Chinese volunteers entering Korea in the war against U.S. aggression, and in restoring the national economy and carrying out economic construction; he made his contribution in this respect. At that time, Chairman Mao thought highly of him and trained him." On Liu Qingshan and Zhang Zishan, the writer points out: "Fairly speaking, they were indeed outstanding cadres of the party, engaged in life-and-death struggles in different leadership posts, and made contributions to the founding of New China." This down-to-earth attitude, which sticks to historical facts, is convincing to people. With this attitude, genuine history can be written.

"An old steed in the stable still wishes to gallop a thousand miles." Comrade Bo Yibo was already at the advanced age of 80 when he started writing this book. He worked tirelessly for the completion of this book, with repeated consideration and strict and meticulous studies, thus displaying the high sense of responsibility and revolutionary spirit of the older generation revolutionaries. In the preface to the book, Comrade Bo Yibo

says that he has already started writing the second volume. We sincerely hope to read it as soon as possible.

### Party Officials, Others Comment

HK0407024491 Beijing RENMIN RIBAO in Chinese  
29 Jun 91 p 5

[Report by staff reporter Xia Weidong (1115 0251 2639): "Use History for Reference, Adhere to Party's Ideological Line of Seeking Truth From Facts: Excerpts of Speeches by Hu Sheng, Wang Renzhi, Xue Ju, Gao Di, Pang Xianzhi, and Ma Hong at Forum on Review of Number of Important Policy Decisions, Events (Volume One)"]

[Text] Hu Sheng (vice chairman of the Chinese People's Political Consultative Conference [CPPCC]): As soon as I got the book by Old Bo, I looked through it. I really felt that it has substantial content and is extremely wonderful. Subsequently, I spent two days' time to read it carefully and thoroughly. What can I learn from Old Bo's book?

First, it is the attitude toward the study of history. Old Bo's book fully shows many things at that time. It shows what was done well and correctly, why they could be done well and correctly, and why there were faults in some things whose general orientation was correct, and why there were some inadequacies and shortcomings in that situation. It points out the shortcomings and mistakes. In the book, Old Bo repeatedly explains that he does not reprove the predecessors but draws experiences and lessons from them.

Second, in the book, Old Bo conducts very specific analysis of many things. He does not simply judge what is right and what is wrong but conducts specific analysis, finding the reasons for why things were done correctly or incorrectly and where the mistakes are. Among the faults is a correct aspect and among the correct things are inadequacy and shortcomings. He adopts an analytical attitude toward these.

Third, a very important feature of Old Bo's book is not to evade problems and not to evade the problems that general research workers dare not to tackle. Old Bo has the courage to face many problems. He personally experienced many of them and adopted a sober and scientific analytical attitude. This plays a part in clarifying the erroneous views at home and abroad.

Fourth, Old Bo's works have opened up a new road for the social sciences and party history circles. We have not studied very well the party history and state history since the founding of the PRC and perspicuous and persuasive works are, in fact, not many and even very few. The attitude toward and method of study in Old Bo's book and many enlightening views put forward by him will surely play a tremendous part in pushing forward the study of the party and state history since the founding of our country.

Wang Renzhi (director of the Propaganda Department of the CPC Central Committee): Having read Old Bo's

*Review of a Number of Important Policy Decisions and Events (Volume One)*, I deeply feel that this book carries weight. I have an initial understanding of three aspects.

First, from a special angle, namely the angle of participating in high-level policymaking, this book by Old Bo truly reflects the glorious history of the remarkable struggle, that the party led the people of the whole country to carry on to found and consolidate the people's regime and to build up the socialist system, and of the brilliant victory in eight years from 1949 to 1956. As we have all come through this part of history, this book touches our hearts after we have read it. People can gain much benefit from Old Bo's book and will be convinced more that our party is a great, glorious, and correct party, that it is historically inevitable that people choose the socialist road, and that only socialism can develop China.

Second, this book by Old Bo reproduces the spirit, style, and features of the proletarian revolutionaries of the older generation of our party. In the beginning of the founding of our country, in the course of leading the state's economic, political, military, and social life, the party's leadership core of the first generation, headed by Chairman Mao, formulated a series of important and correct policy decisions. They showed such great foresight, great talent, and bold vision and were so practical, realistic, meticulous, and careful; they were so firm in adhering to the principles and placed such emphasis on the flexibility of the tactics; they excelled in lofty quality and feared nothing and yet were so cautious and conscientious and roused themselves for vigorous efforts to make the country prosperous. Old Bo's book narrates many historical facts and very well embodies the noble quality of the revolutionaries of the older generation. We can absorb tremendous strength from it. We must learn from the proletarian revolutionaries of the older generation and struggle hard to further do a good job in reform and opening up, to build socialism with Chinese characteristics, and to achieve the second-step strategic objective.

Third, this book by Old Bo is good teaching material for conducting education in contemporary history and national conditions, summing up historical experiences and lessons, and doing a better job in the building of socialism in the future. The party members and cadres, especially high-level and middle-level cadres, must read it conscientiously.

Xue Ju (vice president of Central Party School): This book of Old Bo carries a lot of weight and has substantial content and its subject matter involves a series of important policy decisions and important events of the party and state. It scientifically discusses how our party quickly healed the wounds of war, effectively resumed the national economy, carried on socialist transformation of the ownership of the means of production without losing any time, and successfully established the socialist system in the eight years from the liberation of the whole country to 1956, thus ushering in a new historical period of the Chinese people building socialism.

Old Bo worked with the central authorities for a long period and directly participated in the formulation of many important policy decisions of the central authorities. The value of the historical data provided by him is, therefore, very high. Especially his scientific analysis and correct appraisal of these policy decisions and events are of very profound significance. No doubt, the publication of this book not only has provided our party members and cadres with a powerful ideological weapon to correctly understand the important experiences and lessons in this historical period and to draw strength from them but also will certainly play in our practical work a tremendous part in inheriting and carrying forward the party's excellent traditions, integrating the basic principles of Marxism with China's realities, adhering to the party's basic line at the present stage even better, and building socialism with Chinese characteristics even better.

Gao Di (director of RENMIN RIBAO): I finished reading this book of Old Bo at one go. The book stated all our personal experiences and it is really like what Old Bo said, "the past events leap up vividly before the eyes," and "they are enchanting and leave a great aftertaste." At that time, I worked with a grass-roots unit and was an executor of the policy decisions of the central authorities. Comrade Yibo narrated in detail and analyzed scientifically the cause and effect of the important policies and events, rights and wrongs, and success and failure at that time. When I read it, it especially touched my heart and taught me.

This book states important historical facts of our party in the historical period from 1949 to 1956. These eight years were the crucial period of our country's revolution and construction as well as one of the best periods since the founding of the PRC. As Comrade Yibo pointed out: "In the first eight years after the founding of our country, the achievements we scored were great and brilliant." The great practice in these eight years shows that only socialism can develop China and at the same time, also shows that to build socialism in China, it is necessary to proceed from China's realities and to conform to its national conditions. In these eight years, we carried out creative exploration of the work of building socialism with Chinese characteristics and won tremendous success.

In the initial period of the founding of our country, during the First Five-Year Plan, we scored tremendous achievements and Comrade Bo Yibo clearly and definitely summed up the fundamental reasons in the *Review*: "The party and people's government roused themselves for vigorous efforts to make the country prosperous and were clean and honest, the people were masters of their own affairs, and all democratic rights were guaranteed; the inner-party political life was normal, the ties between the party and the masses were closely maintained, the party organizations at all levels and party members really gave play to their role of fighting bastions and exemplary vanguard role in work, production, and social activities, and the party enjoyed a high reputation among the masses." The key lies in leadership. As long as the Communist Party has no trouble, the state will not have any serious trouble. The

trouble arose from the party and many of the prominent figures going in for bourgeois liberalization were or had been Communist Party members, like Fang Lizhi and his ilk. This is a bitter lesson. In the new historical period, confronted with three big tests—heading the government, reform and opening up, and antipeaceful evolution, we must vigorously strengthen party building ideologically, politically, and organizationally. We must oppose bourgeois liberalization on the one hand and oppose the corrupt phenomenon on the other hand. In this way, our party will certainly win the masses' infinite trust and wholehearted support and we will surely do China's work well.

Pang Xianzhi (deputy director of the Central Party Literature Research Center): Our comrades who study the history of the revolutionaries of the older generation and the history of the party especially feel interested in this book by Old Bo. I have read some memoirs and party history but none of them attracts me so much like this book by Old Bo. I think there are several reasons. 1) Old Bo was a participant in the formulation of some important policy decisions and many of his personal memories are rarely known by other people and are the most inside high-level materials that no other people know. The book he wrote brings us to that age and makes us feel as if we were personally on the scene. 2) This book has a large quantity of literature data. I read some literature but have not read a great deal of literature in the book by Old Bo. 3) What is very valuable is Old Bo's analysis and his thinking. This book is not a general memoir but as it were, a scientific work, an academic work and is a highly academic work at a high ideological level in the party history. Comrade Qiao Mu said that after reading it, the middle-aged and young readers feel as if they went up a treasured mountain with a superb collection of beautiful things. As not a middle-aged but a young reader, I also have such a feeling. Although I experienced many things in the past and know some, I still want to read it.

Several points of this book by Old Bo impress me most.

First, Old Bo's scientific and impartial analysis set an example for our party history workers. Chairman Mao said earlier that our party lacked analytical articles and that the articles either affirmed everything or negated everything. In compliance with Chairman Mao's spirit of seeking truth from facts, Old Bo adopts an analytical attitude toward the problems.

Second, Old Bo's works tell us that in studying history, we must analyze a historical event against the background at that time and must not use today's policies to measure the policies at that time.

Third, Old Bo's works also follow Chairman Mao's attitude toward history. Chairman Mao said that in approaching the historical problems, it is essential to clearly distinguish between right and wrong but not to lay



stress on investigating and affixing the personal responsibility. We must mainly analyze a reason produced erroneously, its social source, historical source, and ideological source and sum up experiences and lessons. The first historical resolution of our party was made this way, the second historical resolution was also made this way, and we won very great success so that our party achieved unity and unification on a new foundation.

Fourth, there is no mistaking what Old Bo's book is aimed at and his book has a realistic sense. When the book dwells on the movement against three evils and the movement against corruption in particular, I was extremely excited after reading it as if this statement was aimed at today's work. At that time, Chairman Mao was never soft on the corrupt phenomenon and this is memorable. The party literature work and party history work consist of an issue of how to serve realities and Old Bo's book sets an example to us. The book deals with history but not delivers a sermon but when we read it, we feel that it deals with the present.

Fifth, Old Bo's book serves as a supplement, is specific, and even develops in certain aspects of the second historical resolution. Why must China take the socialist road? Why must China head for socialism? Why is it correct to put forward the general line in the transition period? Why must three major transformations be carried on? The historical resolution made a conclusion. It was, however, impossible to conduct discussion but it was only possible to make a conclusion. The conclusion is surely supported by everyone. Old Bo also sets an example in narrating the historical facts, especially making a penetrating analysis, and proving their inevitability.

Ma Hong (director of the Development and Research Center of the State Council): Comrade Yibo's book scientifically, realistically, practically, and vividly depicts that part of history in the best period, "that is enchanting and has great aftertaste," since the founding of the country. When we read it, we feel extremely excited. This book is of important education significance to the old, middle-aged, and young people. This is a book that merges politics, economics, culture, and party's policy decisions into an organic whole; organically integrates the works, including historical archives, personal memoirs, and appraisal of events; both carries forward the outstanding traditions in the science of history and blazes a new trail; and provides a new way in research and education in the science of history. What is special is that as one of the leaders and organizers of economic work, Comrade Yibo personally experienced the process of formulating important policy decisions on economic issues since the founding of the country, participated in leadership over specific economic work, and carried on in-depth study of the economic law. This is fully embodied in this book by Comrade Yibo.

## Reports Continue on Party Anniversary

### Wang Zhen, Others View Exhibit

OW0707054191 Beijing XINHUA Domestic Service in Chinese 1119 GMT 4 Jul 91

["Wang Zhen, Li Tieying Visit National Art Exhibition Held To Commemorate the 70th Anniversary of the Founding of the Party"—XINHUA headline]

[Text] Beijing, 4 Jul (XINHUA)—Vice President Wang Zhen and Li Tieying, member of the Political Bureau of the CPC Central Committee and state councillor, separately visited a national art exhibition on 29 June and 4 July, respectively. The exhibition is being held at the Museum of the Chinese Revolution to commemorate the 70th anniversary of the found of the Communist Party of China.

Most of the 280 pieces of works on display are those about the history of the Chinese revolution.

### JIEFANG RIBAO Editorial

OW0807102591 Shanghai JIEFANG RIBAO in Chinese 30 Jun 91 p 2

[Editorial entitled "Shouldering Historical Tasks of Contemporary Chinese Communists: in Celebration of the 70th Anniversary of the Founding of the CPC"]

[Text] The 70th anniversary of the founding of the great, glorious, and correct CPC falls on 1 July this year. On this happy occasion, while looking back at the glorious history of the party and looking forward to its historical tasks of the contemporary era, we are full of pride and enthusiasm and, at the same time, deeply feel that tasks entrusted to us are heavy and the road ahead is a long one.

During the past 70 years, our party has grown stronger day by day as it led the Chinese people in writing new chapters of history. During this same time, Marxism became a great success in China. Over the past 70 years, our party has mainly performed, in leading the various nationalities of China, three major tasks: First, the task of defeating imperialism and feudalism set by the new democratic revolution was accomplished, putting an end to the history of China as a semicolonial and semifeudal society. Second, the system of exploitation and the exploiting classes that had lasted for several thousand years was eliminated, and the socialist system was established on the ruin of the old world. Third, a path for building socialism with Chinese characteristics was opened up, allowing for the realization of socialist modernization. Among these three major tasks, the first two have been successfully accomplished. Now we are still working on number three. These three tasks constitute the "first volume" and the "second volume" of this closely related "great story" of the Chinese Revolution. The first volume is entitled New Democratic Revolution With Chinese Characteristics and the second one Socialist Revolution and Construction With Chinese Characteristics. The first volume accomplished by our

party is a masterpiece of historical significance. The "second volume," which is expected to be finished by the party in next 60 or 70 years, will be a new historical chapter filled with even greater and more glorious events.

Shanghai was the birthplace of the CPC. It was also a location of the CPC Central Committee from 1921 to 1933. Communists and broad masses of workers, peasants, intellectuals, various democratic parties, and patriotic personages of all circles in Shanghai have made outstanding contributions to the three major tasks performed by our party in the past 70 years. During the new democratic revolution period of defeating imperialism and feudalism, such events that occurred in Shanghai as the "May 30" patriotic movement of anti-imperialism; three armed revolts by workers; the left-wing cultural movement; the movement of resistance against Japan to save China; as well as struggles of unprecedented scale for democracy and freedom by fighting against hunger, civil war, and persecution shook the whole country. Countless fine communists and revolutionary martyrs in Shanghai dedicated their precious lives to the cause of people's liberation. During the socialist revolution of overturning the system of exploitation and establishing a new system in which the people act as the masters of the country, communists in Shanghai once again united and led the people of the city to waste no time in cleaning up the mess left over from the old society; turning the old Shanghai, which was considered a "paradise for adventurers" with lopsided development, into a new socialist Shanghai full of vigor and vitality; and making it an important base for industry, foreign trade, scientific, cultural, and educational causes. During the new period of opening up a path for building socialism with Chinese characteristics and carrying out a socialist modernization drive, party organizations at all levels in Shanghai consistently and conscientiously carried out the basic line of the party and quickened the pace of invigorating and reforming Shanghai by focusing on economic development and adhering to the Four Cardinal Principles and the policy of reform and opening to the outside world. Like people across the country, the people of Shanghai realized through their own experiences that the CPC is the leading nucleus of the people throughout China, that only socialism can save China, and that only socialism can make China progress. The people of Shanghai firmly believe that if we adhere to the socialist road under the leadership of the CPC, we will surely have a glorious future and a more beautiful tomorrow!

Looking back at the party's history, we see the glorious achievements made by the party in its struggles. Looking forward to the future, we realize that the historical tasks of the party are grand and arduous. The 13th session of the CPC Central Committee has epitomized the historical tasks of contemporary Chinese communists as follows: Leading and uniting the people of all our nationalities in making China a prosperous, democratic, and culturally and ideologically advanced modern socialist country by relying on ourselves and working hard. To accomplish this historical

mission, we must adhere to a three-step strategic plan and work hard to achieve the fundamental goal of building a socialist economy, political system, and culture with Chinese characteristics. If Shanghai wants to play, in accordance with the requirements of the CPC Central Committee, the role of "important base" and "vanguard" in the drive of socialist modernization, it must enhance the tremendous enthusiasm and creative spirit of all communists and the people of the city in an effort to carry out this fundamental goal.

To develop a socialist economy with Chinese characteristics, we must strive, while continuing to properly develop various economic elements, to invigorate large and medium-sized state-run enterprises in every possible way and consolidate socialist economic foundation with public ownership as a main part. Shanghai is a city where large and medium-sized enterprises are most concentrated in China. We must use the drive of developing and opening Pudong as a turning point and take overall measures, including using more foreign funds for renovating technology, to universally enhance the vitality of large and medium-sized enterprises and improve their sustained power for future development even at some risks. One thing that needs to be stressed particularly here is that the key to carrying out the second step of our strategic goal lies in relying on scientific and technological progress and in enhancing the quality of workers. We must adhere to Comrade Deng Xiaoping's Marxist viewpoint of "science and technology is the first productive force" and actively carry out the call made by Comrade Jiang Zemin on behalf of the CPC Central Committee and the State Council of "adhering to the concept of science and technology is the first productive force and actually transferring economic development onto the track of relying on scientific and technological progress and enhancing the quality of workers." We must take advantage of the excellent scientific and technological forces in Shanghai to further form a mechanism that is beneficial to the developing science and technology and facilitating it to quickly turn into a practical productive force and do a good job in resolving the major problem of "in developing economy, relying on science and technology and in developing scientific and technological work, keeping economic development in mind." To build a socialist political system with Chinese characteristics, we must reform the political system in a stable manner; continuously improve socialist democracy and the construction of the legal system; work hard to establish and improve the democratic and scientific decision-making system and procedure; continue to promote organizations' reform; and establish and improve a leading system that is beneficial to increasing efficiency, enhancing vitality, and bringing into play the enthusiasm of all aspects. During the course of turning China into a stronger socialist democracy, we must uphold our government and political systems. To ensure our people's master status and our country's long-lasting peace and stability, we must never weaken or renounce our people's democratic dictatorship system and never adopt the parliamentary and multiparty systems of the West. To

build a socialist culture with distinctive Chinese characteristics, we must, while focusing on economic construction, energetically promote socialist ethics, give full scope to Shanghai's advantageous position where cultures of the East and the West meet, inherit and carry forward our nation's outstanding traditional cultures, fully assimilate the world's outstanding cultures, and create a new, healthy, and progressive culture which is able to revitalize the national spirit, improve public conduct, and turn young people into people who have lofty ideals and a high sense of discipline and who are ethical and educated. We must make unremitting efforts to educate the people on upholding the Four Cardinal Principles and opposing bourgeois liberalization with persuasive facts, strongly appealing measures, and staunch militancy.

To effectively shoulder the historical missions of contemporary Chinese communists, the key requirement is to adhere closely to the party's political line and mobilize and depend on all party members to build a stronger party. To build a stronger party, we must, first of all, intensify the party's ideological and theoretical construction. This means that we must uphold the principle of integrating theory with practice and, on the basis of seriously studying basic Marxist theory, Mao Zedong Thought, and Comrade Deng Xiaoping's theory about building a socialist society with distinctive Chinese characteristics, study the new situation, answer new questions, and continue to uphold and develop Marxism during the course of practice. To build a stronger party, we must adhere to the basic line of "focusing on economic construction, upholding the Four Cardinal Principles, and persisting in carrying out reforms and opening to the outside world," and encourage all party members to carry forward the innovative and creative spirit. To build a socialist society with distinctive Chinese characteristics, the key requirement is to firmly improve our socialist system, deepen reforms, and open our country wider to the outside world. Our cause will be unable to proceed if we do not act firmly to replace those institutions and methods that are incompatible with the development of productive forces and eliminate the defects of old institutions. We must educate the vast number of communist party members to continue to heighten their awareness of launching reforms and opening to the outside world and, during the great cause of revitalizing Shanghai and developing Pudong, act as role models of reform. To build a stronger party, we must also work hard to heighten the awareness of all party members to serve the people. We must educate party members to accept the challenges confronting members of a party which has to exercise its ruling functions, carry out reforms, open the country to the outside world, and guard against "peaceful evolution." As members of the ruling party, they must firmly guard against and eradicate all types of negative and corrupt phenomena—such as abusing power for personal gains and competing with the people for benefits—and build a steel ideological Great Wall against corruption and degeneration. While implementing the party's current policies, communist

party members must uphold the party's loftiest ideals and display the spirit of making sacrifice. Thus, for the sake of the interests of the party and the people, they must act voluntarily to give up more of their personal interests. We must constantly reeducate the vast number of party members on the need to uphold Marxist viewpoints about the masses and adhere to the party's mass line, maintain close ties with the masses, understand their feelings, care about their sufferings, and work wholeheartedly to provide them with useful services, seek interests for them, and make them feel warm.

Now let us act on the call of the party Central Committee and seize this opportunity of marking the 70th founding anniversary of the CPC to intensify our party's ideological and organizational construction, improve its conduct, strengthen its solidarity, improve the fighting power of party organizations in every way, and rally the masses more closely to shoulder the historical missions for contemporary Chinese communists so that we can continue to push forward the cause of building a socialist society with distinctive Chinese characteristics!

### Jiang Speech Studied

OW0807104891 Beijing XINHUA Domestic Service  
in Chinese 1039 GMT 5 Jul 91

["The Masses of Party Members Conscientiously Study Jiang Zemin's '1 July' Speech, Are Determined To Set an Example in Carrying Out the Solemn Mission of Contemporary Communists"—XINHUA headline]

[Text] Beijing, 5 Jul (XINHUA)—In the past few days the masses of party members in various areas of the country have been conscientiously studying General Secretary Jiang Zemin's "1 July" speech. After reviewing the party's 70-year glorious history, they felt deeply that they have greater responsibilities in the future. They are determined to set an example in carrying out the solemn mission of contemporary communists, to follow the road of building socialism with Chinese characteristics, and to build China into a prosperous, democratic, and civilized modern socialist country.

Wu Qitao, manager of the Hongli Woolen Textile Mill in Tianjin, said: "The speech comprehensively expounded our party's solemn mission under the new situation. After studying the speech, I felt a deep sense of historical duty inside me. By adhering to the socialist road, members of the Communist Party of China have successfully blazed a new path for themselves—this is a contribution to the history of the world."

Ye Guoping, secretary of the party committee of the Shanghai Iron and Steel Complex's Steel Tube Plant, said: The world is undergoing a major change, and the socialist cause has suffered serious setbacks in some countries. General Secretary Jiang Zemin's speech is a solemn declaration; it answered a number of major political questions of major concern for the world and for China and declared to the world the CPC's determination to unswervingly lead the people of the whole



country in following the socialist road. The speech amply shows that our party is a mature and great party.

We Jie, a young professor and deputy director of the Economic Research Institute of the Chinese People's University, said: "By reviewing the 70-year brilliant history of the party in his speech, Comrade Jiang Zemin enabled me to further see that our party is a great, glorious, and correct party and that China's future prosperity and progress still need the leadership of the CPC. The speech also made me think of the historical responsibilities of young communists of this generation. We should continue to temper ourselves in party spirit and set an example in carrying out the solemn mission of contemporary communists."

In the No. 1 Earth Surveying Team of the State Bureau of Surveying and Cartography, which was given the title of "Heroic Surveying and Cartography Team With Outstanding Performance and Selfless Dedication," Yang Chengzhong, secretary of the party committee, and Liu Yong Nuo, head of the team, studied General Secretary Jiang Zemin's comment that contemporary Chinese communists should do hard pioneering work. Both felt that what Jiang Zemin said touched their hearts and inspired them deeply. They said: The No. 1 Earth Surveying Team of the State Bureau of Surveying and Cartography is taking the road of carrying forward the Yanan spirit and relying on our own efforts to wage hard struggle. We will continue to carry forward this tradition in the days to come.

While studying and discussing Jiang Zemin's speech, cadres with party membership on Nanhuaxi Street in the Haizhu District of Guangdong City reviewed the tremendous changes that had taken place in this neighborhood during the 12 years of reform and opening up and felt deeply touched by Jiang Zemin's conclusion that "the past 70 years prove that only by following the leadership of the Chinese Communist Party and taking the socialist road can our country become powerful and prosperous, our nation rejuvenated, and our people enjoy a prosperous life." In their opinion, it is due to the CPC's correct leadership and the party's policy of reform, opening to the outside world, and making the people better off that the small Nanhuaxi Street has developed into a thriving area which has 50 neighborhood factories with an annual industrial output value of some 80 million yuan and has attained the goal that the elderly are well provided for, people in their prime of life are put to use, youth are engaged in study, children are educated, babies are well nursed, the handicapped are given assistance, and the 30,000 residents are leading a much better life. Cadres with party membership in this neighborhood pledged: In the future, we will bear firmly in mind the communists' historical mission and do good and practical work for the masses wholeheartedly as we used to.

An Qingmin, a milk-delivery woman, who once again had been cited as a fine party member of the Xinjiang Uygur Autonomous Region and Urumqi City on the eve

of "1 July," said: After studying Comrade Jiang Zemin's speech, we have a clearer mind and firmer confidence in communism, and cherish even greater hope for our motherland in the future. At present, however, our party style has not been fully improved. Every communist party member must immediately begin with himself to meet strict demands for the purpose of serving the people wholeheartedly. They should see to it that they are the first to bear hardships and the last to enjoy comforts, and they should play a genuine exemplary vanguard role among the masses. As long as every party member acts in this way, the flag of communism will fly in China forever.

### Democratic Party Leaders Comment

OW0807141491 Beijing XINHUA Domestic Service  
in Chinese 0928 GMT 6 Jul 91

[Text] Beijing, 6 Jul (XINHUA)—Following the publication of the speech which Jiang Zemin, general secretary of the CPC Central Committee, gave at the rally marking the 70th founding anniversary of the CPC, members of the Revolutionary Committee of the Chinese Kuomintang, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants and Workers Democratic Party, the China Zhi Gong Dang, the Jiusan Society, the Taiwan Democratic Self-Government League, and the All-China Federation of Industry and Commerce met in the past several days to talk about how they understood the speech. They maintained that Comrade Jiang Zemin's speech summed up the experiences of integrating Marxist and Leninist theory with China's revolution and construction, that it is powerful ideological guidance for future work, and that it will have immeasurable effects in encouraging people of all nationalities in the country to follow the CPC in building a Chinese-style socialist society.

He Luli, vice chairman of the Revolutionary Committee of the Chinese Kuomintang Central Committee, said: After its founding, the CPC accomplished the new democratic revolution against imperialism and feudalism, eradicated the exploitative system, established New China, and led the whole nation to build a Chinese-style socialist society. While we strive to create a prosperous economy today, we must pay special attention to educating young people on the need to uphold the Four Cardinal Principles so that they will understand the CPC's great contributions and become successors to the socialist cause.

Chu Tunan, honorary chairman of the China Democratic League Central Committee, said: In his speech Comrade Jiang Zemin once again stressed that "education is the foundation of the 100-year scheme." Since most of our league members are comrades working on the scientific, technological, and educational fronts, we should give full scope to our specialties and encourage the vast number of fellow intellectuals to contribute even more in this respect.

Sun Qimeng, chairman of the China Democratic National Construction Association Central Committee, said: The integration of basic Marxist theory with China's revolution and construction not only ensured the great victories in the past, but also will guide our actions in the future. This experience gained by the CPC is very important. Our association has achieved fairly good success in integrating the CPC's principles and policies with our specific responsibilities as a political consultative party that seeks development. We will continue to do so from now on, be more innovative, and strive to win new victories.

Dong Yinchu, chairman of the Zhi Gong Dang Central Committee, said: Comrade Jiang Zemin's speech makes us realize even more clearly that only the CPC can save and develop China. We will rally even more closely around the CPC, give full scope to our consultative role, take active part in state affairs, and contribute our efforts to the great cause of building a Chinese-style socialist society.

Lei Jieqiong, chairman of the China Association for Promoting Democracy Central Committee, said: To build a Chinese-style socialist society, the key lies in strengthening and improving the CPC leadership. Jiang Zemin points out in his speech that we should not disregard the good mainstream within the CPC just because of certain negative and corrupt phenomena, much less should we slight the existing problems because of the good mainstream. This observation is very correct. It helps us analyze the situation even more clearly and objectively and see the bright future.

Hao Yichun, vice chairman of the Jiusan Society Central Committee, said: Comrade Jiang Zemin's analysis of party conduct and certain negative and corrupt phenomena within the CPC is very accurate, and it demonstrates the CPC's strong determination to tighten party discipline and combat corruption and degeneration.

Fang Rongxing and Yao Jun, vice chairmen of the Chinese Peasants and Workers Democratic Party Central Committee, said: Comrade Jiang Zemin has systematically expounded the basic nature of the Chinese-style socialist society from the economic, political, and cultural angles, and he has charted the course of China's development. The speech not only has indicated Chinese communists' determination to build a Chinese-style socialist society, but also has expressed the wishes of members of democratic parties and personages without party affiliations.

Cai Zimin, chairman of the Executive Council of the Taiwan Democratic Self-Government League Central Committee, said: To accomplish the great historical mission of building a Chinese-style socialist society, members of his league must put forward more advice and ideas and make greater contributions. When he commented on national reunification, Jiang Zemin pointed out that all parties, groups, and people with lofty ideals who support national reunification should attach the greatest importance to national interests and

heighten their sense of urgency. This will give impetus to the efforts to achieve the reunification cause.

Wang Guangying, vice chairman of the All-China Federation of Industry and Commerce, said: Comrade Jiang Zemin's speech has summed up the 70-year history of the CPC. It was very factual. His assessment of Chairman Mao was very comprehensive. The victory of the Chinese revolution was the victory of Mao Zedong Thought. China's revolution and construction are inseparable from Mao Zedong Thought.

### Ge Hongsheng Writes Preface on Party Building

OW0707104891 Hangzhou ZHEJIANG RIBAO  
in Chinese 24 Jun 91 p 1

["Carry Forward the Nation-Building Spirit of Arduous Struggle," by Ge Hongsheng; preface to the book *The Road To Nation Building*]

[Text] With the advent of the 70th founding anniversary of the CPC, I would very happily recommend a good book entitled *The Road to Nation Building* which praises the spirit of the arduous struggle in the 40 years of economic development in Zhejiang Province, to Communist Party members, cadres at all levels, and the broad masses of people throughout the province.

Since the liberation of Zhejiang, the people across the province have, under the leadership of the CPC, made unceasing efforts and waged an arduous struggle along the road of building a socialist nation. The economic and social life in the province is full of vitality, great achievements have been made in the socialist modernization drive, and a new chapter has been written in the history of the development of Zhejiang Province.

Since the Third Plenary Session of the 11th CPC Central Committee, we have persisted in carrying out economic construction as the central task, upheld the four cardinal principles, and adhered to the policy of reform and openness, and have mobilized the enthusiasm of various quarters. As a result, the provincial economy has been markedly strengthened, the material and spiritual life of urban and rural people throughout the province has been noticeably improved, the socialist system has been gradually perfected in the course of reform, and a stable and united political situation has been consolidated and developed. Practice has proved that the road of socialism with Chinese characteristics virtually conforms to the road of building China into a powerful nation with a prosperous people. Only socialism can save China, and only socialism can develop China. At the same time, it also tells us that the achievements we have made today are made of the sweat and blood of the masses of people and they are a manifestation of their indomitable spirit of arduous struggle.

The spirit of arduous struggle is nurtured and developed by the party in its revolutionary struggle over a long period of time. In the past, we relied on it to score victories over domestic and foreign foes as well as to

overcome all sorts of difficulties, and to achieve a historic victory in the revolution and the socialist modernization. Today, we want to realize the second-step socialist modernization and the third-step strategic objectives. It is necessary to uphold and promote the fine tradition of building the nation through industry and thrift and arduous struggle. The next 10 or 20 years will still be periods of nation-building. In the 1990's, we must develop Zhejiang into a province which is more developed economically, more advanced in science and technology and education, smoother in its economic operational mechanism—with a sizable-scaled foreign-oriented economy and the coordinated growth of a material and spiritual civilization. To this end, we must continuously carry forward the spirit of hard struggle and selfless dedication.

At one time, owing to the neglect in ideological and political education, and the slackening of the spiritual civilization, the concept of hard struggle was treated indifferently, thereby encouraging the unhealthy tendency to seek pleasure and enjoyment, and to indulge in luxury and extravagance, with undesirable results. We must conscientiously bear in mind this lesson. The Fourth Plenary Session of the 13th CPC Central Committee has solemnly put forward that it is absolutely necessary and correct to vigorously launch an education drive to promote the spirit of arduous struggle. We must treat it as an important link in the political work before us, and make strenuous efforts to initiate the spirit and style of arduous and relentless struggle, as well as the vigorous and dashing spirit of progress.

Economic construction and social development is a grand socialist cause calling for the participation of hundreds of millions of people. The success of the cause depends on the political enthusiasm and creative spirit of broad masses of people, as well as on the spirit of self-reliance and the carrying out of arduous pioneering work for the people throughout the province. "It is everyone's responsibility to promote the prosperity of Zhejiang." Let us all unite with one heart and one mind, pluck up our spirit, and rouse ourselves to make vigorous efforts to revitalize the economy and promote the social advancement of Zhejiang.

#### **Yang Shangkun Signs Conservation Decree**

*OW3006063291 Beijing XINHUA Domestic Service in Chinese 2019 GMT 29 Jun 91*

[Decree No. 49 of the President of the People's Republic of China]

[Text] Beijing, 30 Jun (XINHUA)— This is to promulgate the "Water and Soil Preservation Law of the People's Republic of China" which was adopted by the 20th Session of the Seventh National People's Congress Standing Committee on 29 June 1991. The law will be effective on the day of promulgation.

[Signed] President Yang Shangkun of the People's Republic of China

[Dated] 29 June 1991

#### **RENMIN RIBAO Commentator**

*HK0807020491 Beijing RENMIN RIBAO in Chinese 3 Jul 91 p 5*

[Commentator's Article: "Prevention Takes First Place in Soil, Water Conservation"]

[Text] The "PRC Law on Soil and Water Conservation" is officially promulgated today, with the deliberation and adoption by the 20th Session of the Seventh National People's Congress Standing Committee. This is another important decree on protecting natural resources, which signifies China's work on soil and water conservation is included in its legal system. People's governments at all levels, all trades and professions, and every citizen must earnestly implement the law on water and soil conservation.

A marked characteristic of this law is the definition of a new principle for work concerning water and soil conservation, explicitly changing it to "prevention taking the first place" from the past "attaching equal importance to prevention and improvement," while placing prevention, conservation, and supervision above all else. To implement this principle, it is primarily necessary to adhere to the principle that the land user is responsible for soil protection and he who has caused soil erosion must be responsible for its improvement" to earnestly do a good job of prevention and conservation. At the same time, it is necessary to take an active part in protecting the fruits of improvement in a down-to-earth way to prevent a repetition of soil erosion.

China has many mountains; its mountainous and hilly areas account for over two-thirds of the nation's territory. Historically, China's soil erosion has been rather serious because of the effects of complicated natural environment and artificial activities. By the time of the PRC's founding, the area which suffered soil erosion accounted for one-sixth of China's territory. Since the PRC's founding, China has scored great achievements in preventing and improving soil erosion with the joint efforts of millions upon millions of people under the leadership of the party and the people's government. Because of drastic population growth, rapid development of urban and rural construction and the universal lack of a sense of soil and water conservation, the tendency of an expanding area of soil erosion has not been halted despite great improvement efforts. Presently, soil lost annually from arable land is calculated at several billions of tons. Each year, the nutrients lost in soil from the loess plateau due to soil erosion equals 40 million tons of chemical fertilizers. Soil erosion results in silted water conservation works, elevated river beds, and an aggravated danger of floods. Serious soil erosion even worsens the ecological environment, and restricts development in economic construction and improvement of people's living standards in those areas afflicted by soil erosion. In a nutshell, what is lost is the soil, and what is left behind is barren land. Preventing soil erosion and



halting artificial sabotage should become a matter of great importance to the whole society.

Damaging soil and water resources is far easier than curing damages. A whole stretch of forest can be felled and several hill slopes can be reclaimed in a matter of a few days, but it will take dozens of years or scores of years to restore them. For a long time, some places would first damage their soil and water resources, and take care of their improvement only afterwards. They would not pay an insignificant "precaution fee," but in the end they had to pay a huge sum for "operation." This is a lesson worth our earnest attention. In soil and water conservation from now on, it is necessary to primarily do a good job of prevention, conservation, and supervision. Only then will it be possible to be effective in conducting key improvement projects. Otherwise, when the improvement of a specific place is going on, involving voluminous input of man and financial and material resources, large stretches of land are being damaged. Consequently, improvement will never catch up with the damages.

The prevention of soil erosion lies chiefly in controlling irrational artificial activities. It is imperative to strictly ban such activities of damaging ground vegetation as reclaiming land on hill slopes, arbitrarily felling trees and herding beyond capacity. In capital construction, such as mining, highway building, stone-quarrying, and building water conservancy works and power stations, it is necessary to avoid damaging vegetation as best we can, while taking an active part in adopting protective measures and restoring ground vegetation. Regarding completed soil and water conservation projects, it is imperative to augment administration and maintenance and to continuously expand their social effects. Concerning those cases of soil erosion resulting in disasters in violation of the penal code, their responsibilities for the crimes must be investigated and affixed to.

The soil and water conservation law's solemnity must be maintained. People's governments and responsible departments for soil and water conservation in all places must earnestly take up the responsibility for examination and supervision. All units and individuals are entitled to report and accuse other units and individuals of damaging water and soil resources resulting in soil erosion. Let us work hard together to leave a fine living environment to our future generations.

#### **NPC Promulgates Tobacco Monopoly Law**

OW0307063791 Beijing XINHUA in English  
0530 GMT 3 Jul 91

[Text] Beijing, July 3 (XINHUA)—China today promulgated the "Tobacco Monopoly Law" adopted recently by the Standing Committee of the Seventh National People's Congress, the country's highest legislative body.

Jiang Min, head of the State Tobacco Monopoly Bureau, said at a press conference here today that it is the country's second law concerning tobacco industry after the "Tobacco Monopoly Regulations" published in 1983.

The aim of this law, Jiang said, is to improve and strengthen China's tobacco monopoly system, promote the production and management of the industry in a planned and organized way, and crack down on illegal activities in this field in order to better protect the rights of consumers.

The new tobacco monopoly law, with eight chapters and 46 articles, offers detailed stipulations on the planting, purchasing and allotting of leaf tobacco. It will go into effect January 1, 1992.

It introduces a licensing system for tobacco sales, and bans or restricts smoking in public places or on public transport. It also prohibits smoking among primary and middle school students.

According to Jiang, China's tobacco monopoly system started in 1981, and now each province, municipality and autonomous region has set up its own monopoly organization.

The past ten years have witnessed a rapid growth in China's tobacco industry, Jiang said. The industry has become a big contributor to the country's budget. Its total taxes and profits rose from 7.5 billion yuan in 1981 to 151.1 billion yuan in 1990, 50 percent more than the total amount during the first 32 years after the founding of the country in 1949.

#### **Deng's 'Cat Theory', Jiang's Leadership Viewed**

HK0807045291 Hong Kong CHING PAO in Chinese  
No 168, 10 Jul 91 pp 22-25

[Article by Chang Mu (1728 3092): "Summer Resort Beidaihe Has Become a Hot Spot Prior to the 14th CPC National Congress; Deng Proposes a New 'Cat Theory' and a 24-Character Principle on Diplomacy"]

[Text] Why does summer resort Beidaihe become a hot spot of concern in world press circles every year?

Recently, Deng Xiaoping proposed a new 'cat theory' with regard to internal affairs and forwarded a 24-character principle to handle international relations. This principle is: "Observe coolly, stand firm, tackle calmly, hide our capacity, bide our time, be good at maintaining a low profile, and never try to take the lead."

Li Ruihuan provided seven examples of "nonemancipation of the mind" criticized by Deng Xiaoping.

Jiang Zemin stressed the need for organization and personnel departments to guard against corrosive influence in using people, and the need to prevent all unhealthy trends in making personnel arrangements during the 14th CPC National Congress.

#### **The Summer Resort Has Become a Hot Spot of Attention**

Jiang Zemin, appointed by Deng Xiaoping as the CPC's third generation leadership core, has been in office for

two whole years. In a long speech delivered in commemoration of the CPC's 70th founding anniversary, he, as CPC general secretary, reviewed the efforts to stabilize the situation for the last two years and pointed out the program for administration, apart from making a general appraisal of party history.

The long-considered arrangement for a changeover to the third generation leadership has now entered a crucial moment. After the "4 June incident," summer leave for government cadres was cancelled, but their leave arrangements have been restored this summer. Summer resort Beidaihe has become a "hot spot" of deep concern for many people. Many major policies are formulated in this CPC summer resort.

### **Deng Xiaoping and His New "Cat Theory"**

For the last few years, Deng Xiaoping has always gone to Beidaihe when the summer weather is very hot. Although he has retired from all important posts, as the general designer of reform and an ordinary party member, he has to concern himself with the formulation of major policies. He pointed out recently: Socialist modernization is our greatest politics at present. Whether our policies and actual work are correct and good should be judged from whether they benefit the development of the productive forces. Whatever is advantageous to the development of the productive forces is correct and good; whatever is disadvantageous to the development of the productive forces is incorrect and not good.

These remarks are similar to those on "white and black cats" he made during the Cultural Revolution, both stressing that practice is the only criterion to judge truth. Therefore, some people describe his recent remarks as a new "cat theory" for socialist modernization. This can also be described as the most conspicuous feature of his policymaking ideas.

### **The 24-Character Principle**

The Seventh Plenary Session of the 13th CPC Central Committee held at the end of last year approved the Eighth Five-Year Plan and the Ten-Year Program to increase the content of reform. In the spring of this year, the National People Congress appointed Zou Jiahua and Zhu Rongji vice premiers. The national meeting on the implementation of "plan 863" demanded the introduction of "hi-tech industry." On the reunification of the two sides across the strait, a "two-step" program was proposed, first carrying out economic and cultural exchanges and direct trade, direct mail, and direct transportation links and then holding negotiations on reunification. To handle international relations and international affairs, a 24-character principle was formulated, which reads "observe coolly, stand firm, tackle calmly, hide our capacity and bide our time, be good at maintaining a low profile, and do not ever try to take the lead." And preparations were made to draw up the "basic line" of the 14th CPC National Congress and to

dissolve the Central Advisory Commission, for the purpose of an overall changeover. All of these indicate Deng Xiaoping's sober strategic considerations.

### **Seven Examples of "Nonemancipation of the Mind"**

In Deng Xiaoping's opinion, the question of nonemancipation of the mind still exists. If this problem is not solved, no progress can be made in work.

Li Ruihuan, member of the CPC Central Committee Political Bureau Standing Committee, provided seven examples when explaining nonemancipation of the mind:

1. Taking the development of the socialist commodity economy and the application of market regulation as something of a capitalist nature;
2. Being overcautious and overly worried in utilizing foreign capital, setting it against self-reliance; there is fear that the utilization of foreign capital might forfeit the country's sovereignty;
3. Setting reform against economic rectification; some methods effective in the past are no longer used in economic rectification; egalitarianism has reappeared, as has the practice of everybody eating from the same big pot;
4. Some leaders, particularly some enterprise leaders, content with being "small bosses" and "small employers," are not willing to do something big;
5. The idea of "being good enough" is serious among some people who think: "Though not big, progress is made every day and achievements every year";
6. Setting the sustained, steady, and coordinated development of the economy, in which one should not be overanxious for quick results, against having the sense of urgency; being slack and perfunctory in work and unwilling to do the work even if it can be done easily;
7. In analyzing the situation, some people only look at unfavorable factors to the neglect of favorable ones, to say nothing of displaying their initiative or overcoming difficulties to make headway.

### **Jiang Zemin Spoke Highly of Deng Xiaoping's Policy on Administering the Country**

Jiang Zemin said that holding firm to the four cardinal principles and persisting in reform and opening up is a great contribution of Deng Xiaoping. He also pointed out: When drafting the "resolution on certain questions on the history of the party since the founding of the PRC" before the Sixth Plenary Session of the 11th CPC Central Committee, Deng Xiaoping repeatedly stressed the need to appraise Mao Zedong and Mao Zedong Thought practically. If we wavered at that time, it is hard to imagine how the situation would have turned out. Deng Xiaoping's full confirmation of Mao Zedong Thought has major and far-reaching significance to reform, opening up, and economic construction, as well as the country's stability and development.

### The Criteria for Selecting Successors

Although there is still over a year for the completion of the top party and government leadership change, top policy-makers and veteran CPC leaders have already started drawing up plans and programs for this change. The most difficult problem may be the nomination of candidates for the new Central Committee and State Council, as well as various ministries and commissions. Deng Xiaoping stressed that the successors should be cadres who have a firm stand, a correct style, and a good political image; who can withstand all tests; who are responsible in work; and who can do solid work. He added that strengthening unity, particularly between leading groups, is an important problem never to be overlooked. If a leading group is united, it can pass the stiffest test even though some individual members may be less capable in work. On the contrary, if a leading group is not united, it may become a weak and lax group even though its members are capable in work, because it lacks a coherent force. In a word, unity can improve combat effectiveness, and disunity may weaken combat effectiveness.

What is worthy of attention is: After the "4 June incident," the CPC stressed the need to select fine cadres from among workers with practical experience, thus nullifying the practice that promotions are difficult without a university diploma. But "one tendency conceals another" under which "officials have a low educational level." Once a political test was given to 126 section-level cadres of a county. This test was reportedly at the senior middle school level. Over 60 percent failed the test; 96 of the participants did not know the difference between "idealism" and "materialism"; some party members did not even know who wrote the "Manifesto of the Communist Party." This alerted the top CPC leaders. The authorities demanded that counties' section-level cadres and above should at least spend a half year in political theoretical study. Deng Xiaoping gave this special advice: "After the work focus has shifted to economic construction, the entire party should study how to adapt itself to this new situation, to strengthen the party's ideological work, and to prevent itself from being buried in economic work while overlooking ideological work."

### Personnel Departments Should Guard Against Corrosive Influence

Top CPC leaders admitted that there are certain shortcomings in the system and procedures for selecting and appointing cadres. Therefore Jiang Zemin said: People engaged in organizational and personnel work should guard against corrosive influence in using people. I have heard comments on this. Organization and personnel departments should heighten their vigilance!

Shanxi Governor Wang Senhao openly urged that organizational work should proceed in close coordination with economic work, to solve unfair employment of cadres. He said: The situation has been basically good in different leading groups since institutional reform

started in Shanxi, but there are still some problems which cannot be neglected. Some departments employ cadres unfairly. This is the most corrupt thing. Some cadres who are not up to moral and professional standards have been promoted time and again. Some cadres who have done well have never been promoted. Some departments employ cadres according to kinship. This is unfair and dishonest. Some departments do not employ cadres according to actual needs or actual work; arrangements are for the purpose of arrangements only. Some even take too much account of kinship. Some cadres who know nothing about industry have been appointed county chiefs in charge of industrial work, some who know nothing about coal production have been assigned in charge of coal production. Some leading groups have remained disunited a long time, and this problem has remained unresolved a long time. This has seriously affected our work.

### An Article on "How To Conduct Oneself" Was Published in Shaanxi

A short commentary entitled "How To Conduct Oneself" and "How To Do One's Work" published by a Shaanxi newspaper was quite interesting. The commentary said: Some people are good at doing things but poor at "conducting themselves," others are good at "conducting themselves" but poor at doing things. The former are willing to and can complete their work but do not know "how to conduct themselves"; the latter have poor ability in work but are well versed in the philosophy of life. The former, quite dedicated to work, do not have much spare time or interest in approaching their superiors or forming links with their neighbors, thus lacking the necessary courtesy for others. In addition, the more they do, the more people they may offend; their being talented is a threat to others who muddle along in work. How can they keep others in good humor? Whereas the latter "have plenty of room for play of the butcher's knife" amid complicated human relations. With silver tongue that can talk boastfully, they have become "skillful" in bragging and flattering others. Apart from benefiting from others, they also frame others by making slanderous remarks. Therefore, Jiang Zemin advised us to "guard against those with honey in mouth but dagger in heart."

It can be said with certainty that Jiang Zemin and Song Ping, member of the Political Bureau Standing Committee who is in charge of personnel work, will pay special attention to preventing all unhealthy trends in preparing for the 14th CPC National Congress, particularly in making personnel arrangements. Apart from soliciting opinions from veteran party members, they will hold plenary meetings to expand the scope of discussion so that better arrangements can be made for nomination of candidates.

### Three Kinds of Views Concerning the Contract System

The CPC so far does not have a full set of patterns to improve the policy of reform and opening up, which has



been implemented for the last 10 years. There is no conclusion yet on how to bring about the best results in party and government operations, in economic management, and in the state structure. The guideline for reform is still Deng Xiaoping's idea of "wading across a river by feeling the rocks in it"—an idea of making constant exploration and improvement.

In theoretical circles, there are still three kinds of views on the contracted management responsibility system, which has brought about tremendous changes in China's society and economy.

In the opinion of experts represented by Yang Peixin, the contracted management responsibility system suits China's conditions and is like the "Jinggangshan road" of surrounding the cities from the rural areas. Yang Peixin said: "Reform for the last 10 years has proved that this system is not only a measure to resolve the present difficulties, but is also the only way for China's economic reform. It is one of the three socialist pillars with Chinese characteristics. Persistence in this system will give rise to miracles in the socialist economy and bring socialist superiority into full play." Some economists pointed out: "The contracted management responsibility system has become a prospective method for China's economic structural reform because it can meet the needs in the reform development period and blaze a new trail for reform without much turmoil."

The second view is that there are contradictions and limitations in the contracted management responsibility system. This system is only a transitional form and will finally be replaced by other reform methods. It cannot become the target of enterprise reform but is still necessary for present purposes.

The third view negates this contracted management responsibility system and indicates that it does not conform with the socialist commodity economy. According to this view, this system stemmed out of a wrong theory and reform policy. A theoretical article pointed out that the contracted management responsibility system arose from rich soil in the course of small-scale rural production and that all kinds of limitations from small-scale production will emerge. Some economists said that China's economic structural reform required a system renewal. By renewal, they mean breaking through the contracted management responsibility system to set up a modern proprietary system and industrial structure for the realization of a large-scale socialized commodity economy. Some other academics urged the abolition of the contracted management responsibility system.

#### **The Prospect of Reform Is Introducing Science and Technology**

In the opinion of top CPC leaders, the purpose of reform is to change the old system, because it cannot meet the demand of the times, so as to rationalize the entire operational system, including production, circulation, and consumption, as well as the party's and the state's

policymaking and state administration, so that all these will take on a scientific nature. Therefore, the fundamental way is to introduce advanced science and technology. Deng Xiaoping, Jiang Zemin, and other principal CPC leaders have time and again stressed the importance of invigorating the country by means of science and technology, and implemented a great program on popularizing science and technology and developing advanced science. This indicates the orientation of this major policy.

#### **Jiang Zemin's Diplomatic Activities Are Increasing**

Since the Fourth Session of the Seventh National People's Congress in the spring of this year, there has been a marked increase in Jiang Zemin's participation in state affairs and meetings with foreign heads of state and government leaders. This trend suggests the unshakeable basic principle of "the party exercising leadership over everything," and also indicates his solid role and position in political circles as well as his authority. It has been revealed that he will visit South America in September this year. His previous visit to the Soviet Union and future visit to South America show that he has already taken a direct part in diplomatic contracts with big nations.

Some people commented by saying that as the CPC's third generation leader, Jiang Zemin will gradually become an active international politician in the future world political arena. He may be easily accepted by Western countries when making contacts with them.

#### **Journal Outlines Power Struggle Among Leaders**

HK0707075591 Hong Kong CHING PAO in Chinese  
No 168, 10 Jul 91 pp 30-32

[Article by Chung Hsiao (6945 2556), written on 20 June 1991: "Stormy Situation in Zhongnanhai Prior to 14th Party Congress"]

[Text]

#### **Party Elders Make Frequent Contacts**

Since the last 10 days of May, there has been a sudden change in the mainland's political situation, with party elders appearing on the stage one after another to air their political views. According to news from Beijing, there are also plenty of people in the conservative forces directing the spearhead against Deng Xiaoping; Zhao Ziyang still comes under attack from all sides, and a party elder publicly says that Zhao refuses to make self-examination and acknowledge his mistakes because he is protected by Deng. There is even word that, in analyzing the errors in the decade of reform and opening up, we have to analyze the error in using people. We can thus see the aggressive manner in which the spearhead is directed.

After the 4 June turmoil in 1989, Deng Xiaoping put forward the strategic policy decision of "making stability an overriding task," upheld the policy of reform and

opening up adopted since the Third Plenary Session of the 11th CPC Central Committee, and told party elders and the new leading body on numerous occasions "not to form a small coterie or engage in factionalism" and "not to investigate and affix the responsibility of individuals in 3-5 years and even longer." Only two years have passed since then and yet there have been many startling events. Deng Xiaoping's "northern expedition" last February to emancipate the mind has met obstructions. Wang Zhen and Deng Liqun have attacked from left and right, saying that "the bourgeois liberalization idea is far from being liquidated but some people want to stage a comeback and so the trials of strength between Marxism and sham Marxism have become more complicated." There was also news that after Chen Yun's return to Hangzhou from Shanghai in May, Peng Zhen also flew to Hangzhou from Beijing, and this has attracted the media's special attention.

#### **Deng Says That Paths Are Explored by Men**

Deng Xiaoping saw clearly the reason behind the party elders' eagerness to seek publicity and go hither and thither. In the last 10 days of May, he called in Bo Yibo and had a talk with him. Deng said: "The principles and policies laid down since the Third Plenary Session of the 11th CPC Central Committee should not be changed because this was decided by the party Central Committee rather than my personal view. 'We should take economic construction as the key link' and carry it out 'with one heart and one mind.' This is the requirement of history on us. In analyzing the previous errors, we should not waver but should strengthen our resolve on 'taking economic construction as the key link.' It has a direct bearing on the success or failure of our undertaking to build socialism with Chinese characteristics." Deng added: "We are now in such a crucial period of development. Our old comrades and our party cadres should soberly see this point. This is extremely important. It is not terrible to have pressure now because pressure also serves as a motive force. The key lies in rousing our spirit. Emancipating the mind does not put things right once and for all. The decade of reform and opening up has repeatedly proven one point and indicates the new victory of socialist undertaking. This is the greatest contribution to Marxist theory. Judging by historical development, reform and opening up are in the interest of the Chinese nation and upholding reform and opening up means upholding socialism and strengthening socialist conviction. Do not think that we merely relied on the armed forces to quell the political turmoil. It is the decade of reform and opening up that serves as the basis and because the people support it, we have a stable situation."

#### **Deng Wants Zhu Rongji To Go to More Places and See More**

According to an authoritative person in Beijing, in his talk with Bo Yibo, Deng asked Bo to do more work. Deng said: We are all witnesses to history. In analyzing historical lessons, the most important point is to avoid mistakes and realistically do our work well rather than worrying about personal gains and losses, not daring to

take risks. Have we taken few risks in our lives? We should support young comrades in doing their work and not always grumble. With regard to something already decided by the party Central Committee, nobody should say this or that, no matter who he is. We should let Jiang Zemin have a free hand. We must make this resolve and be responsible to history. I said before that capitalism is very bold in using people and does not arrange ranks according to seniority and that is why many talented people have emerged.

Deng asked Bo Yibo to take an oral message to Zhu Rongji and tell him not to stay in Beijing all the time but to go to more places and see more in order to broaden his horizon. It is very important to conduct investigation and study. Paths are explored by men and so there are no patterns. Whoever evaluates experience in the past 10 years, he, I think, should first evaluate this point.

In conclusion, Deng said: Your "Reviews on Some Major Policy Decisions and Events" will be published. This is a major event. It serves as an education to the entire party and all the history is there. If we act according to the objective law, we can do our work well. Otherwise, we have to pay a price. China's practice of reform and opening up is a requirement history sets on us.

In line with Deng's demand, Bo Yibo talked with Wang Zhen and other party elders to relay Deng's views.

In the wake of Deng's talk in late May, Li Peng was interviewed by Mario Vazquez Rana, president of the Mexican newspaper THE SUN OF MEXICO at Ziguang pavilion in Zhongnanhai on 30 May. In the two-hour interview, Li Peng again said that "the new leading collective is stable." He also pointed out: "After June 1989, a new central leading collective with Comrade Jiang Zemin as its core was set up at the Fourth Plenary Session of the 13th CPC Central Committee. Comrade Jiang Zemin has a wealth of work experience in all aspects and is erudite. Before liberation, he engaged in underground party work in the Kuomintang-ruled areas and organized student movements. Viewed from his practical work in the past two years, he is completely competent at the important leadership post...." In the view of observers, Li Peng's high evaluation of Jiang Zemin had something to do with Deng's recent talk with Bo Yibo.

#### **The "Mouthpiece" Does Not Carry Li Ruihuan's Speech**

On 10 June, the Leading Group for Party History of the CPC Central Committee solemnly held at the Great Hall of the People a forum on Comrade Bo Yibo's new work *Reviews on Several Major Policy Decisions and Events*. Important CPC officials including Song Ping, Li Ruihuan, and Wang Zhen attended the meeting and made speeches. At the forum, Bo Yibo again reminded party elders. He hoped that they would resolve to conscientiously study China's great social changes in the 1950's, holding that this will greatly help further efforts to carry out reform and open the country to the outside

world. Bo also quoted an antithetical couplet to persuade the party elders: "Let's retire lest we become the laughingstock of a thousand years and devote 10 years of our free time to the writing of a book."

At the forum, Li Ruihuan again put forward the idea of emancipating the mind. He said: "We should keep in mind the need to make a concrete analysis of concrete issues and base all things in terms of time, place, and conditions. Even the truth which has been proven in the past and generally acknowledged by people should also have new explanations and illustrations." Amazingly, when reporting the news of the forum, RENMIN RIBAO only carried speeches by Song Ping and Wang Zhen without quoting a sentence from Li Ruihuan's speech although it also clearly stated in the headline that Li spoke at the meeting. There is news saying that Deng Liqun, who presided over the forum, hinted that RENMIN RIBAO should not carry Li's speech. We can thus see Deng's strong background because, as a member of the Central Advisory Commission, Deng Liqun dared to offend Li Ruihuan, who is a standing committee member of the Political Bureau of the CPC Central Committee in charge of ideology. An earlier rumor that Li could not keep the media under control does not seem groundless.

The mainland's political forum has suddenly been alive recently. To trace the matter to its source, with the Beidaihe meeting to be held soon and the Eighth Plenary Session forthcoming, the old men in Zhongnanhai are considering personnel issues for the 14th party congress next year. That is why contention for improving the Jiang Zemin structure has started.

#### **"Should Things Go Wrong in Propaganda, Our Boat Would Capsize, Too"**

CPC General Secretary Jiang Zemin's 27 April speech on "Augmenting the Party's Theoretical Building" at the national seminar on party building theory was carried in QIUSHI's, no. 12 issue published on 16 June. In his speech, Jiang quoted Chen Yun's statement, "Should a poor job be done in the economy, our boat would capsize; the same thing would happen should things go wrong with propaganda." Chen Yun returned to Hangzhou after delivering his speech in Shanghai in May, as disclosed by a well-informed person; Chen did not rest there, but talked with important CPC officials in Hangzhou on several occasions. Chen Yun said, "Regarding 'being firm on one hand and relaxed on the other,' in actuality, should the grip be loosened on one hand, work would be all the more weakened on the other. The question is that we were not firm where we needed to be, believing that when we were firmer in grasping the economy, we could relax a bit in other areas. Explicitly, we came to grief because of this in 1989. I have always made my point clear that trouble would certainly come should a poor job be done in the economy, and our boat would capsize; but the same thing would happen should things go wrong with propaganda. This is precisely the experiences and lessons that we must summarize. Under such circumstances, we must attach greater importance to studying, propagating, and applying Marxism." Here lies the background by which Jiang quoted Chen Yun's statement.

In the same issue QIUSHI carried its commentator's article, entitled "Marxism Is A Powerful Ideological Weapon Guiding Us To Advance Toward Victory." That article has a strong smell of gunpowder. The well-informed person disclosed that it was written based on the instructions of Deng Liqun, Wang Renzhi, and Xu Weicheng. Reading it through carefully, one finds insinuations between the lines. The article proclaims that "class struggles are far from coming to an end, and the international hostile forces' peaceful evolution offensive will not halt, while the ideological effects of bourgeois liberalization on the home front have not been eliminated." Furthermore, the article points out that "some people have vulgarized the productive force's final determining role to play down and even negate the reactions of spirit, social ideology, production relations, the superstructure, and politics under the pretext of the decisive effects of material on spirit, social existence on social ideology, the productive force on production relations, the economic base on the superstructure, and the economy on politics, and even believe that grasping things in these areas is superfluous to the productive force's development. Such views are erroneous and harmful." Compared to the article by Shanghai's commentator Huangfu Ping [4106 3940 1627], the QIUSHI commentator's article has actually given tit for tat. In fact, it was precisely an important step of the central Propaganda Department to conduct the organized repudiation of Huangfu Ping's article, but what lies in depth behind the repudiation is that they have an axe to grind.

#### **Zhou Ruijin [0719 3843 6855] Is Not Likely To Take the Post in TA KUNG PAO**

It has been determined to repudiate Huangfu Ping's article inside the central Propaganda Department. As one of the writers of "Huangfu Ping," Zhou Ruijin received a notice not long ago that his appointment to Hong Kong TA KUNG PAO was "temporarily postponed." However, another source had it that Zhu Rongji told the Shanghai Municipal Party Committee that the central authorities have not expressed where they stand nor have they discussed any erroneous views in Huangfu Ping's article. Shanghai's conditions are rather complicated. Pudong's opening has caught the world's attention, and the central authorities have pinned high hopes on it. The crux is to do a good job of our own work. Any view is better than none. News from Shanghai said that a commentator's article signed by Huangfu Ping would continue to appear in late June. Should that be true, that would show a clearer picture of the contention between the reform faction and conservatives in public opinion. The "north-south" battle of words will continue.

#### **Shanghai's Intention of Publishing the Thesis of Gong Yuzhi [7895 5148 0037]**

On 29 May, Shanghai's JIEFANG RIBAO carried former CPC Propaganda Department Deputy Director Gong Yuzhi's article, entitled "A Historical Case and Several Points in Theoretical Reflection." Gong Yuzhi used to be an active advocator of reform and opening for



former General Secretary Zhao Ziyang, and was removed from office in the wake of the 4 June storm. It was not by chance that JIEFANG RIBAO carried his academic paper submitted to the "Fourth Congress" of the China Association for Science and Technology. The article briefs on the polemics and repudiation of Deng Xiaoping's concept of "science and technology being the productive force" in the wake of its proposal in 1975, and Gong Yuzhi sets forth several points in theoretical reflection on the topic. This has roused particular concern in public opinion, and the article is regarded as a complement to Deng Xiaoping's concept of "northern expedition" [bei fa 0554 0127]. The article explicitly sets forth: "From the angle of guiding idea, laying stress on 'science and technology being the productive force' does not mean to neglect science's spiritual value," "attaching importance to the values of scientific spirit, attitude, and approach does not have to set itself against attaching importance to science's role in the productive force's development." If the readers are conscious and carefully read the aforesaid commentator's article carried in QIUSHI's no. 12 issue, it will not be difficult to discern that its repudiation obviously spearheads "the theory that the productive force alone decides everything," (a "charge" against Deng Xiaoping during the latter period of the Cultural Revolution.) Only, today, he is not to be attacked publicly by name.

#### Family Members of Exiles Reportedly Maltreated

HK0607065591 Hong Kong CHENG MING in Chinese  
No 165, 1 Jul 91 p 12

["Notes on the Northern Journey" by staff reporter Lo Ping (5012 0393): "CPC Maltreats Family Members of Those Living in Exile"]

[Text] The image of God has been broken. The worship of God is meaningless unless to express the void, helplessness, hopelessness, and sorrow of the worshipers. The large-scale celebration of the 70th anniversary of the founding of the CPC is just a manifestation of this mentality.

To mark this event, the CPC, from the party center to party organizations at all levels, has tried every means to make it presentable. The CPC Central Committee wants not only to take advantage of the commemorative activities to launch education in loving the party on a nationwide scale but also use this occasion to publicize socialism and the CPC internationally. For this reason, CPC leaders attach great importance to celebration activities. A group of old people, including Deng Xiaoping, Chen Yun, Li Xiannian, and Peng Zhen are especially concerned about the festival. An intellectual hit the nail on the head when he said: "Publicizing the party means publicizing the 'magnificent achievements' of these old people and singing their praises. Celebrating the 70th anniversary of the founding of the CPC is tantamount to congratulating these old people on their birthdays. Naturally, these people are not in a happy mood because the Communist Party is unpopular and faces too many problems."

#### Li Peng: "Spend 1.5-1.6 Billion on Celebrations"

Jiang Zemin, Li Peng, Song Ping, and Qiao Shi, particularly Finance Minister Wang Binqian, approved and allocated funds for the 1 July celebrations. Given the ongoing straitened economic circumstances on the mainland, it still remains a secret how much money has been allocated for the celebration activities. However, as far back as last March and April, it was reported in the inside circles that the central authorities were prepared to spend 1.5 billion yuan on such items as publishing picture albums and books, shooting films, and holding celebration activities. There is still no authoritative verification or statistics on whether the 1.5-billion-yuan figure is accurate or not. But at a State Council meeting at the end of last April, Li Peng and Wang Binqian disclosed something in their speeches. Li said: "It is worthwhile spending some money on celebration activities marking the 70th anniversary of the founding of our party, and the masses will certainly approve this." Li also said: "By spending 1.5-1.6 billion yuan, the people of the entire country will share less than two yuan each. The spirit can be transformed into a material force. Through the celebration activities the people can call forth their revolutionary vigor, transform the spirit into a material force, and promote production."

#### Yang Shangkun Says They Are Aimed at Challenging Imperialism

In an internal meeting at the end of last April, Yang Shangkun also said: The year 1989 marked the 40th anniversary of the founding of the republic but, because of the rebellion and the Asian Games, the celebration scale was kept under control. The situation this year is different and we must celebrate it on a grand scale. Yang also said: "Making a success of the activities celebrating the 70th anniversary of the founding the party has extremely far-reaching significance. There is not only an issue of educating the people of the entire country but also an issue of challenging the Western bourgeoisie. If other countries change, let them. As long as our China does not change, the great banner of socialism does not fall, and the Communist Party does not collapse, there is hope for socialism."

#### Democratic Parties Are More Active Than Communist Party

To mark its birthday, the CPC has published a large number of political books. The Organization Department of the CPC Central Committee has issued three documents, calling on primary party organizations to urge and organize party members and activists to buy these books of which, ten books and picture albums, including the *Selected Works of Deng Xiaoping*, *Selected Works of Chen Yun*, *Selected Works of Peng Zhen*, and *CPC in Its 70 Years* are listed as must for party members. The Propaganda Department of the CPC Central Committee also called on all industrial enterprises, mines, and institutions to purchase the *CPC in Its 70 Years* according to a certain proportion of the number

of workers and staff members. Now, the party, government, trade union, Communist Youth League, women's federation, and Young Pioneers have all issued circulars, calling on people to launch various activities, such as writing poems, dedicating songs, drawing pictures, and singing songs in praise of the Communist Party. According to a democratic figure, the democratic parties have been carrying out these activities more actively and vigorously than the Communist Party. The Standing Committee of the Revolutionary Committee of the Chinese Kuomintang passed a resolution on launching an in-depth activity of "learning from the Communist Party" within the revolutionary committee, and many prominent figures of the democratic parties take the initiative to write articles and talk to reporters, calling themselves the little students of the Communist Party. When people see all this, they feel sick.

#### **Beijing Residents Are Disgusted With Mandatory Love-the-Party Activities**

Beijing residents are indifferent toward the 1 July grand celebration. The workers and staff members of industrial enterprises and mines are quite dissatisfied with the regulation on "subscription" of propaganda material. According to this regulation, a factory with a staff of about 3,000 should buy 250 volumes of the *CPC in Its 70 Years*, an average of one volume for every 12 persons. This, plus other books and selected works that have to be bought, comes to over 80,000 yuan. Spending money is a minor thing. What is important is that people have lost confidence in the Communist Party and have no love for it whatsoever. The wounds inflicted by the 4 June massacre in their hearts have not healed. Consequently, they are both helpless against and disgusted with the mandatory love-the-party activities.

#### **Confidential Circular Urges Making "Family Members of Escaped Defectors" Target of Attack**

Things are getting increasingly more difficult for the CPC these days. Although Beijing has been turned into a police city, the CPC is still in a state of extreme nervousness. And, for this reason, they unscrupulously apply the cruel, inhuman means of implicating others.

A means of persecuting people during the Mao Zedong era was to implicate others. In the post-Mao era, the incidence of openly implicating others has decreased in previous political movements. Given the recent tightening political situation, such cases have occurred one after another, notably maltreatment toward the family members of those living in exile abroad.

Some time ago, in a confidential circular issued to the security departments of army units, public security organs, and all post and telecommunications, transport, and banking units throughout the country, the CPC Central Committee and the State Military Commission made the "family members of escaped defectors" the target of attack. We have learned from within these units the main contents of the document which, to the effect, demands that the security departments of army units

and the public security organs thoroughly control contacts between the "family members of escaped defectors" and people outside the borders. The document stipulated that all units and individuals who have contact or make arrangements for contact with Taiwan compatriots will be regarded as having contacts with special agents and subjected to stern punishments; that all money and articles which may have been sent by "escaped defectors" should be "voluntarily" frozen or turned in; that all mail should also be withheld and examined; that people should draw a clear line of demarcation with all "family members of escaped defectors" and report their life, words, and deeds at any time; and that all "family members of escaped defectors" having political problems are not allowed to leave the country for trips, family visits, or further studies lest they should establish ties with unscrupulous people.

#### **All People Arrested in Connection With 1989 Pro-Democracy Movement Gathered Together for "Study"**

Therefore, since last May, some of the family members of overseas pro-democracy activists in Beijing have been called to the Public Security Bureau for "talks" and given a warning. Some have received "education by positive example," some have been placed under open surveillance by plainclothes policemen, and some have been retaliated against in the name of public interests or blackmailed by unworthy cadres.

Police substations and neighborhood offices have also called in all people arrested by the Public Security Bureau for joining the 1989 pro-democracy movement for "study." They are not allowed to go home. These people, plus other people detained and questions, number more than 10,000. Most of them will be released after 1 July. Though called by the fine-sounding names of "policy study class" and "study class on national conditions," they are in fact detained in disguised form.

Still feeling uneasy, the Beijing government has carried out large-scale personnel adjustments among public security departments and their affiliated organizations, replacing the chiefs of eight public security bureaus, including Dongcheng, Xicheng, Xuanwu, Haidian, and Shijingshan Districts, with new people, most of whom are fairly young demobilized servicemen. The former old bureau chiefs have been persuaded or ordered to retire.

To rule the people, the CPC is increasingly relying on the police and armed forces, which are the last trump card in its hands. The fact this card has been played shows that the CPC is weaker with each passing day.

#### **Efforts To Curb Drug Trafficking Intensified**

HK0507090091 Hong Kong WEN WEI PO  
 in Chinese 2 Jul 91 p 12

[Report: "Jiulong Customs Seizes 65 kg of Drugs, Arrests 124 Drug Traffickers in Past Four Years"]

[Text] The success of Mainland China's policy of opening up to the outside world and neighboring Hong Kong's unique geographical location have led international drug cartels to "open" a popular drug traffic line originating in the Golden Triangle; passing through Kunming, Guangzhou, Shenzhen; and reaching Hong Kong. In view of the rampant drug trafficking along the long coast, Wenjindu, Luohu, Shatoujiao, and even the newly opened Huanggangkou, the Jiulong customs has set up a drug enforcement section to intensify the curbs on the activities and has already stepped up surveillance in all ports. It has strengthened contacts with inland units and Hong Kong's drug enforcement agencies and set up an intelligence network. At the same time, it is preparing to step up the training of drug enforcement personnel and drug detection dogs in an attempt to curb the drug trafficking at the last stop in China's southern gate.

Jiulong customs pointed out that, since 1986, it has uncovered 24 drug trafficking cases in its search of vehicles and people passing through customs. It has seized 65 kg of drugs, including nearly 22 kg of number 4 pure heroin and 43 kg of opium. It also confiscated the now popular drug called "ice" and arrested a total of 124 drug traffickers.

The Jiulong customs claimed that it has taken flexible measures to cope with the many ways and forms of drug transportation carried out by the drug traffickers. First, it set up an exclusive drug enforcement agency early last year—the drug enforcement section which assembles human and material resources, unifies drug enforcement and investigation work, and trains personnel. At the same time, it upgraded its intelligence work and set up an intelligence network with relevant inland departments and Hong Kong's drug enforcement agencies.

Furthermore, the customs has also decided to allocate funds for the acquisition of modern testing equipment and the intensive technical and skill training of its personnel. It plans to establish a training base for drug detection dogs in order to upgrade the Jiulong customs' drug enforcement effectiveness.

Under the Jiulong customs' drug enforcement efforts, the achievements have been remarkable. On 26 November 1989, driver Xu of Hong Kong's Qi-X transport company hid 56 packets of number 4 heroin totalling 19 kg in his truck. Wenjindu customs uncovered them at the exit. Later, the customs joined hands with the provincial and city public security organs and arrested the drug cartel's six principal members. They also obtained important information concerning the Hong Kong owners of the goods and the mainland sources.

On 24 March this year, Hong Kong driver Mr. He, driving a hired vehicle bound from Guangdong directly for Hong Kong, passed through Shatoujiao port. He declared his car empty to the customs. However, customs officer Deng Jinrong found the declaration very suspicious and demanded a search which yielded 16 packets of "ice" hidden in a secret compartment at the back of the car and weighing 3.15 kg. This was the first big "ice" case uncovered by Jiulong customs in many years. Deng Jinrong was commended in a circular and presented with a special award.

#### Antinarcotics Statistics

HK0207071291 Hong Kong TA KUNG PAO  
in Chinese 27 Jun 91 p 2

[China Mainland's Figures of Cases Cracked, Narcotics Seized, and Drug Traffickers Arrested Over the Years]

[Text] 1949 (on the eve of liberation): The opium poppy-sown areas were 1 million hectares. The number of drug makers and drug traffickers was over 300,000 and the number of drug addicts throughout the country was 20 million.

1950: The State Council proclaimed a "general order on banning opium and narcotics". Over 80,000 criminals guilty of drug production and drug trafficking were arrested. Some 800 criminals were sentenced to death.

1952: Opium and narcotics were basically banned

1981-1982: Customs cracked 18 drug smuggling cases and seized 60.257 kg of heroin.

#### 1983-1990

	Cases cracked	Opium seized	Heroin seized	Drug traffickeers arrested
1983	5	5.25 kg	5 g	10 persons
1984	3	30 kg		4 persons
1985	6	50 kg	6.7 kg	15 persons
1986	12	112.7 kg	24.098 kg	32 persons (including 21 drug traffickers outside the borders)
1987	56	137.45 kg	38.682 kg	74 persons (including 66 drug traffickers outside the borders)
1988	268	239.122 kg	166.158 kg	188 persons (including 120 drug traffickers outside the borders)
1989	547	269.4 kg	488.3 kg	749 persons (including 716 drug traffickers outside the borders)



## 1983-1990 (Continued)

	Cases cracked	Opium seized	Heroin seized	Drug traffickers arrested
1990	3,670	782 kg	1,632 kg	5,612 persons (including 682 drug traffickers outside the borders)

Note: The figures from 1983 to 1990 were the figures provided by the public security organ and customs.

**Economic & Agricultural****Wan Li Welcomes Water Diversion Project**

OW2806124091 Beijing XINHUA Domestic Service  
in Chinese 1134 GMT 26 Jun 91

[By reporter Qu Weiyang (1448 4850 5391) and correspondent Gu Li 7357 3810]

[Text] Shijiazhuang, 26 Jun (XINHUA)—The Yinqing Jiqin Water Project, designed to divert water from Qinglonghe to Qinhuangdao City, was successfully completed yesterday. This is another great water diversion project in China after the projects to divert water from Luanhe to Tianjin and from Huanghe to Qingdao. The State Council and Chairman of the Standing Committee of the National People's Congress, Wan Li, have separately sent greeting messages. Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference, and Liu Huaqing, vice chairman of the Central Military Commission, have written inscriptions. Yang Zhenhuai, minister of water resources, and Xing Chongzhi, secretary of the Hebei Provincial Party Committee, cut ribbons for the project and attended today's meeting to celebrate the success.

The 80-km Yinqing Jiqin Project is composed of the east and west sections. It has 7.95 km of tunnels, 7.95 km of culverts, 42.75 km of ducts, one 50,000-tonne water plant, and 100 intakes, brake valve shafts [zha fa jing 7037 7042 0064], pressure tanks, pumping stations, and other structures, involving a total investment of 239 million yuan. Construction of the project started on 1 October 1989 and was completed on 25 June 1991. The project took more than 600 days to build, and was completed more than 330 days ahead of schedule. This project will supply 63 million cubic meters of water to Qinhuangdao City each year, and will bring 65,000 mu of farmland under irrigation. It will provide sufficient fresh water resources for this coastal open city's economic construction and social development.

This monumental project, which will benefit the people and our future generations, has touched the heartstrings of the 2.47 million residents of Qinhuangdao City, who have taken concrete actions to respond to the call of the city party committee and government, and have provided labor, money, goods and materials, and services. Peasants along the channel sacrificed their partial interests for the sake of the overall interests. Industrial and mining enterprises as well as units stationed in Qinhuangdao assigned their finest engineers and technicians to this project, and sent in their best machinery and equipment. Over 10,000 professional construction workers, thousands of officers and men of the army stationed in Qinhuangdao, tens of thousands of cadres of party and

government organs, enterprises and establishments, as well as hundreds of thousands of peasants along the channel have braved severe winter cold and summer heat, endured hardships of fieldwork, waged a tenacious struggle, overcome one difficulty after another, and performed one miracle after another.

The State Council's greeting message said: "In building the Yinqing Project, the many cadres and masses as well as the People's Liberation Army stationed in the localities have demonstrated a realistic spirit, pioneered the cause through hard struggle, made selfless sacrifices, worked in unity, and waged a tenacious struggle. They have successfully completed this water diversion project, which will benefit the people and our future generations, with fairly good quality and at fairly high speed."

Chairman Wan Li's greeting message laid special emphasis on the need to "properly manage and use the water to serve the people of Qinhuangdao."

On behalf of the Ministry of Water Resources, Yang Zhenhuai conferred "Dayu Cup," the highest honor for water conservancy facilities in China, to the Qinhuangdao City People's Government.

**Attends Exhibit With Zou Jiahua**

OW0507163791 Beijing XINHUA Domestic Service  
in Chinese 0949 GMT 3 Jul 91

[Text] Beijing, 3 July (XINHUA)—An exhibition on a project in Qinhuangdao City to divert water from the Qinglong He for the city's use was opened in Beijing today. Wan Li, chairman of the National People's Congress Standing Committee, and Zou Jiahua, vice premier of the State Council, attended and cut the ribbon at the opening ceremony.

The project diverting water from the Qinglong He to the city proper of Qinhuangdao was big, coming on the heels of the projects diverting water from the Luan He to Tianjin City and the one diverting water from the Huang He to Qingdao City. Over 600 days of construction many heroic and moving deeds emerged which reflected Qinhuangdao residents' spirit of building an enterprise through arduous effort, selfless dedication, working together, and waging a strenuous struggle. The completion of the project not only helped solve the city's water shortages but also created a favorable conditions for its economic construction, social development, and opening to the outside world.

Using vivid photographs and several objects, the exhibition gives a complete picture of the project and highlights the outstanding achievements of those who worked on it. It also depicts charming aspects of the port city, which boasts many historical and cultural sites and tourism resources, as well as its bright prospects for developing an export-oriented economy. The exhibition

will help residents in the capital understand their counterparts in the neighboring city of Qinhuangdao.

Wan Li and other leading comrades toured the exhibition. Comrade Wan Li asked comrades from Hebei Province and Qinhuangdao City accompanying him on the tour to manage and use water wisely and conserve water so as to make the most of the diversion project.

Joining the state leaders in cutting the ribbon was Xing Chongzhi, secretary of the Hebei party committee.

Veteran comrades of the Central Advisory Commission and responsible persons of pertinent ministries and commissions under the State Council attended the opening ceremony and visited the exhibition.

### **Zou Jiahua Attends Signing of Oil Project**

OW0407143591 Beijing XINHUA in English  
1233 GMT 4 Jul 91

[Text] Beijing, July 4 (XINHUA)—Serge Tchuruk, president of the French Total Company signed a contract with its Chinese partners here today on investing some 56 million U.S. dollars in an oil refinery project in Dalian, a coastal city in north China.

Chinese Vice-Premier Zou Jiahua attended the signing ceremony.

Also signing the contract were representatives of the Sinochem Hong Kong and three companies on the mainland.

Investment in the first phase of construction of the project is 280 million U.S. dollars, in which total's investment accounts for 20 percent.

When completed in 1994, the project will be able to handle 5 million tons of crude oil imported from the Middle East and most of its products will be sold on the international market.

Since the 1980's, Total has been involved in oil exploration in the South China Sea, in technical cooperation with the north China oil field and in constructing a gas project in Shanghai.

### **Major Oilfields Report Increased Output**

OW2806143791 Beijing XINHUA Domestic Service  
in Chinese 1310 GMT 27 Jun 91

[By RENMIN RIBAO reporter Liu Xieyang (0491 3610 7122) and XINHUA reporter Zhang Chaowen (1728 6389 2429)]

[Text] Beijing, 27 Jun (XINHUA)—On the eve of "1 July," the oil industry has brought in a good news: China has fulfilled more than half of the annual plan for crude oil and natural gas production ahead of time. Daqing, Shengli, and other major oilfields in China no longer experienced a downswing in production at the beginning of the year, as was the case in previous years. Their production has

remained at the planned level for daily output. This fine situation has not occurred in many years.

In the eastern part, the old oilfields have worked hard to increase oil production level, reinforced the foundation for a stable output, and tapped their potential, thereby maintaining a sustained and steady increase in crude oil and natural gas output. By the end of June, China produced a total of 68.07 million metric tons of crude oil on land, topping the same period last year by 350,000 metric tons, and turned out 7.49 billion cubic meters of natural gas, topping the same period last year by 156 million cubic meters. Both figures accounted for half of the annual state plans.

While organizing efforts to ensure a balanced production, the old oilfields have vigorously stepped up the efforts to prospect for oil and gas as well as increase the reserve deposits. Shengli, Liaohe, Dagang, and other oilfields have found a number of new deposits. Daqing, Huabei, Zhongyuan, Jilin, and other oilfields have also made new discoveries and formed new resource replacement regions, thereby increasing the capability for sustained development of production. In addition, the number of reopened old oil wells is 700 more than last year, and the period of non-repair for old oil wells is 28 days longer than that of last year. The natural rate of decrease of oilfields has been effectively controlled. The amount of decrease in crude oil has been reduced by over 700,000 metric tons compared with the same period last year.

In the western part, thanks to the scientific approach in making policy decisions and to meticulous planning, important achievements in prospecting have been made. New progress has been made in prospecting in Tarim Pendi: The fruitful results in prospecting in the Lunnan and Donghetang areas have been expanded, a new large oilfield has been discovered in the Jilake area, and the verified oil deposits under control will serve as the resources for fulfilling the "Eighth Five-Year" Plan. Prospecting in Turpan-Hami Pendi is going smoothly. An oilfield has been verified and is under control in the Shanshan and Qiuling areas, and a high-yielding oil and gas flow has been obtained in the Wenjisang area. The scope of natural gas prospecting in the Shaanxi-Gansu-Ningxia Pendi is expanding. A large gas field has been discovered in northern Shaanxi and the gas-bearing area is constantly expanding, serving as a guarantee for building a new overland gas-producing zone in China during the "Eighth Five-Year" Plan period.

China Petroleum and Natural Gas Corporation held a telephone conference this evening. It urged oil workers throughout China to continue to implement the strategic principle adopted by the Party Central Committee and the State Council of "stabilizing the east and developing the west," to work hard, and present a generous gift to mark the party's 70th founding anniversary.

**Iron, Steel Production Increases Steadily***OW0307213891 Beijing XINHUA Domestic Service  
in Chinese 2002 GMT 1 Jul 91*

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 2 Jul (XINHUA)—China's iron and steel production increased steadily in the first half of this year, with a marked improvement in the variety and quality of products and economic efficiency.

As of 30 June, the iron and steel industry had already turned out 84.47 million tonnes of iron ores, 31.67 million tonnes of pig iron, 33.6 million tonnes of steel, and 26.6 million tonnes of steel products, all overfulfilling the state plan for the first half of this year. Compared with the same period last year, the output of steel increased by 4.2 percent; pig iron, 7.3 percent; and steel products, 6.4 percent. As a result of the larger percentage in the increase of pig iron over steel output, the shortage of pig iron in the country has been alleviated.

During the first six months of this year, the iron and steel industry made headway in readjusting the product mix according to market demands. The targeted increase for 14 kinds of steel products in short supply, set by the Ministry of the Metallurgy Industry early this year, was overfulfilled. Cold-rolled steel sheets, petroleum pipes, cold-rolled silicon steel plates, and enameled pressed steel sheets saw bigger increases than other products. More than 90 percent of the increases in steel products in short supply were turned out by the Baoshan Iron and Steel Company. In the first six months of this year, the quality of iron and steel products was better than that of last year's, with 100 percent quality stability rate for pig iron, converter steel ingots, electric steel ingots, and five other major products produced by key and local backbone iron and steel enterprises. The iron and steel industry's "double index" rate for steel products rose by 4.4 percent and "double outstanding" rate, by 2.2 percent over the same period last year. The ratio of first-grade pig iron produced by key iron and steel enterprises also increased, with the Anshan, Benxi, and Chongqing Iron and Steel Companies all showing more than 10 percent increases, while the ratio of the Baoshan and Meishan Iron and Steel Companies reached 97 percent and 95 percent respectively.

The once declining economic efficiency of China's iron and steel industry began to pick up and develop in a wholesome direction since the beginning of the second quarter. The aggregate profits earned by the country's large and medium-sized enterprises in the first quarter decreased by a big margin over the same period last year. Since April, the declining trend has stopped. Profits earned in May rose by 17.9 percent over May last year. According to the financial bulletin of the Ministry of the Metallurgy Industry, in the first five months of 1991, the country's large and medium-sized iron and steel enterprises turned out industrial products with a total value of 43.6 billion yuan and delivered 6.44 billion yuan profits

and tax payments, topping last year's same period by 5.2 percent and 7 percent, respectively.

**Party Leadership Over Economic Work Eyed***HK2906073291 Beijing LIAOWANG in Chinese  
No 22 3 Jun 91 pp 4-6*

[Article by Jiang Chunyun (1203 2504 0061), secretary of the Shandong Provincial CPC Committee: "Earnestly Strengthen, Improve Party Leadership Over Economic Work"]

[Text] How should we implement the party's basic line in a deep-going way, strengthen party leadership over economic work, speed up the development of productive forces, and boost the economy? This is a big topic placed before the party. On this question, it is absolutely necessary to further deepen our understanding and seek unity of thinking.

Marx pointed out that "development of material production is the foundation of society and real history as a whole." Mankind has gradually established the mansion of material and spiritual civilization based on progress and constant development of the productive forces. Emancipation and development of productive forces are the fundamental criterion for judging whether a socialist system is good or bad. This is a basic Marxist viewpoint. Socialism is the most advanced social system since the beginning of recorded human history. Comrade Deng Xiaoping pointed out: "The primary task at the socialist stage is to develop productive forces. Socialism's superiority is manifested in the higher and quicker development of its productive forces than capitalism." China is now at the initial stage of socialism and the main contradiction is one between the people's increasing demand for material culture and the backward social productive forces. For this reason, we should focus our attention on economic construction and do our utmost to develop productive forces. A firm grip of this is tantamount to gripping the main contradiction, the most pressing desire and request of the masses, and the fundamental point of socialist construction.

We should be aware that hostile Western forces are stepping up efforts to pursue the "peaceful evolution" strategy against socialist countries. To win the victory in the struggle against "peaceful evolution" and consolidate and develop the socialist cause under such a situation, it is necessary to make efforts from various aspects, the most important one is developing the economy. Only by stepping up the development of productive forces, boosting the economy, enhancing national strength, and upgrading the level of the people's material and cultural lives can we fully manifest the socialist system's superiority, increase the party's appeal among the masses, maintain close blood-and-flesh relations between the party and the masses, remain invincible, and accelerate the historical process of socialism replacing capitalism.

There is an essential difference between the socialist economy and the capitalist one. In a capitalist society,



where the means of production are owned by capitalists, the system of distribution according to capital is implemented and the purpose of production is to turn out more surplus value for a handful of people and no "leadership" is required. However, a socialist society is different. As the public owns the means of production and the system of distribution according to work is implemented, the purpose of production is to fully satisfy the people's increasing needs for material and cultural lives and lead all members of society to the road of common prosperity. The socialist economy's essential characteristic determines the necessity of the communist party's leadership, a political party which can represent the interests of all people. As Comrade Deng Xiaoping pointed out: "Without party leadership, a big country like China would be torn by strife and be incapable of accomplishing anything" (*Selected Works of Deng Xiaoping*, p 317). Party leadership is the fundamental guarantee and premise for realizing and safeguarding socialist public ownership and promoting socialist modernization. Without party leadership, the socialist road will be out of the question. Practice since the founding of New China, particularly the decade or so since reform and opening up, has fully proved that our party is capable of leading economic construction. Take Shandong for example, the province was poverty stricken and extremely backward before liberation, the people had no means of livelihood, and millions of people fled from famine and braved the journey to the northeast. Following the founding of New China, we relied on party leadership and the people's hard work to enormously develop production and turn the old Shandong into a new one with the beginnings of prosperity. The province's national income amounted to 111.8 billion yuan, a 25-fold increase over 1949; total industrial and agricultural output value topped 283.636 billion yuan, up 34-fold; aggregate industrial output value reached 219.766 billion yuan, up 200-fold; and total agricultural output value was 63.87 billion yuan, up 600 percent. The majority of the people had sufficient food and clothing, and they marched toward a comparatively well-off level. From their personal experiences and the immense practical benefits, the masses clearly realized that the four modernizations and prosperity of the country and the people could be possible only by following the Communist Party and taking the socialist road.

Economic development and the building of socialism with Chinese characteristics have their objective laws. Historical experience has proved that we can rapidly develop the economy, take the initiative in work, and get twice the result with half the effort only by understanding and mastering the laws. Conversely, if we go against the objective laws, we will suffer setbacks in economic development and work, and get half the result with twice the effort.

It is a brand new and great, as well as arduous, undertaking to build socialism with Chinese characteristics and develop a planned commodity economy. There are contradictions to be resolved in every step taken forward. Only by doing our utmost to understand and apply

its internal laws to make our subjective will conform to the objective reality as much as possible can we effect a change from the "realm of necessity" to the "realm of freedom" and gain more initiative. Since reform and opening up over the past decade or so, like other parts of the country, Shandong's party organizations at all levels proceeded from correctly understanding the national, provincial, city, and county conditions; made positive explorations on accelerating economic development; found ways suited to Shandong's reality; and achieved fine results. However, our understanding of economic laws, particularly the laws governing a socialist commodity economy which integrates a planned economy with market regulation, is rather shallow as it has just started. There are still many realms of necessity which are not yet realized. There is also blindness in the work guidelines. In the years ahead, we should make strenuous efforts to explore the laws of economic development.

As Comrade Deng Xiaoping pointed out: "To develop productive forces, we should reform China's economic structure and implement an open policy." Reform and opening up constitute our party's great pioneering work in the theory and practice of socialist construction. We should look at the necessity and importance of reform and opening up from the epochal characteristics of the objective laws of socialist construction and economic development of the world today and unswervingly take the road leading the country and people to prosperity.

The practice of reform and opening up over the past decade or so has offered us a great deal of valuable experience. Viewed from leadership work, we should particularly handle well the following relations:

First, the relations between reform and opening up and the emancipation of minds. Reform and opening up under socialist conditions constitute an unprecedented cause and there is no ready road to follow. Hence, it is necessary to constantly emancipate the minds and positively and steadily explore. Take Shandong, which is known as the "hometown of Confucius and Mencius and a land of propriety and righteousness," for example, the concepts of a small scale peasant and product economy are deep-rooted among cadres and the masses because of a prevailing seclusive and semiseclusive thinking. Thanks to abundant resources and a relatively high rate of self-sufficiency, the "small but complete" thinking characterized by asking no help on any matters has been prominent. Obviously, it will be impossible for reform and opening up to step forward unless we get rid of these outmoded thinking and concepts. Over the past decade, we have stressed eradicating the rigid, conservative, concepts of "self-sufficiency," "being content with an initial well-off level," "developing one's own style," "big and comprehensive," "small but complete," "iron rice bowl," "big pot," and looking down on commerce and trade. Focused on developing productive forces, we have developed a planned commodity economy, emancipated minds, widened the field of vision, increased the sense of commodity economy and socialized mass production, and stressed forging ahead and doing pioneering work.

Second, the relations between reform and opening up and economic development. Reform and opening up constitute a powerful motivation for economic development while economic development creates the necessary condition for reform and opening up; the two are interdependent. The fundamental purpose of reform and opening up is to fully arouse people's initiative, straighten out various economic relations under the state's macroscopic guidance, and greatly emancipate and develop the productive forces. Therefore, we should vigorously explore, try out, and continue to perfect the policies, measures, systems, and methods which conform to this purpose. If they do not conform to the purpose, they should be transformed and eradicated. This guideline should run through the entire course of reform and opening up. The practice of merely seeking a certain pattern without paying any attention to the development of productive forces, the impractical practice of mechanically copying the experience of other localities, the practice of sticking to old ways and refusing to progress, and the practice of being concerned with the partial rather than the whole should not be recommended.

Third, the relations between reform and opening up and social stability. As reform and opening up affect the overall

economic situation and millions of households, they can be smoothly carried out only on the premise of maintaining social stability. We should unswervingly promote reform and opening up, and look ahead and behind and take into account the bearing capacity of the state, locality, and the masses while introducing reform measures. For example, the "iron rice bowl" held by workers of state-owned enterprises is an essential reason for a lack of enterprise invigoration. However, it will affect social stability if the "iron rice bowl" is totally smashed under current conditions. In recent years, Shandong has introduced management on a contract basis for permanent workers, gradually optimized labor combination and increased employment within factories, and organized the redundant personnel to engage in the tertiary industry. The reform produced results and did not affect stability. While opening up to the outside world, we encouraged boldly entering the international market and vigorously importing foreign investment and technology and developing cooperation with counterpart organizations on the one hand and took note of strengthening ideological and political work and maintaining overall social stability on the other. We also waged struggles against pornography and "six evils" and resisted the corrosive influence of decadent ideas and lifestyles.

## East Region

### Anhui Party Committee Studies Li Peng Speeches

OW0507163191 Hefei ANHUI RIBAO in Chinese  
23 Jun 91 p 1

[Article by ANHUI RIBAO correspondent: "Anhui Provincial Party Committee Standing Committee Studies Guidelines of Speeches by Premier Li Peng."]

[Text] The Anhui Provincial Party Committee held a meeting of its Standing Committee on 22 June to study the guidelines of speeches made by Premier Li Peng during his inspection tour of Anhui. It was emphatically pointed out at the meeting that party committees and governments at various levels should closely link the study with the actual situation and conscientiously implement these guidelines in order to promote various tasks in this province in a better way.

The participants pointed out: Premier Li Peng spent eight days of his busy schedule inspecting, investigating, and studying Anhui and established extensive ties with the masses. His activities have set a good example for everyone. The premier has helped Anhui solve some major problems in Anhui's economic development. This showed the concern of the party Central Committee and the State Council for people in Anhui and is a great support to work in Anhui. Premier Li Peng inspected disastrous areas in spite of rain; he personally directed the fight against flooding. He showed concern for people's safety with all his heart. This was of great encouragement to the broad masses of cadres and people in their fight against flooding and in their relief work and strengthened everyone's confidence in overcoming difficulties. They held that Premier Li Peng affirmed work in Anhui and that it was a great encouragement to Anhui and would spur them on. There are still many problems and difficulties in carrying out various tasks in Anhui. It is necessary to meet demands put forward by Premier Li Peng, conscientiously uncover shortcomings, and strive to do a good job in accomplishing various tasks in Anhui in order to be worthy of the expectations of the party Central Committee and the State Council.

The participants noted: Premier Li Peng made a report at a meeting of provincial party, government and army leaders and made speeches during his inspection in Anhui. There was no mistaking the aim of his remarks. They have a great bearing on guiding us to do a good job in building the two civilizations, building up leading groups, fighting against floods and doing relief work, properly formulating the "Eighth Five-Year" Plan and the 10-Year Program, consolidating the political situation of stability and unity, and promoting various tasks in Anhui. Party committees at various levels should organize the broad masses of party members and cadres of various offices to seriously study and implement those guidelines by linking them with the actual situation. Regarding the hopes and demands put forward by Premier

Li Peng on Anhui's work, we must study them one by one, make specific arrangements, and fulfill them solidly.

Members of the Standing Committee attending the meeting and leading comrades attending the meeting as observers recalled their recent work of inspecting and directing the fight against flooding and held that the premier's demand that the tasks of combating floods, doing relief work, and conducting shock harvesting and planting be given primary attention is completely correct. After analyzing the situation, they noted that flood and waterlogging in Anhui this year is very fierce and extensive; it is of a scope rarely seen before. At present, losses caused by this natural disaster are quite serious. The meeting called on various localities and departments to further implement Premier Li Peng's instructions and effectively grasp the struggle of combating flood and relief work. Party and government leaders at various levels should all go to the front lines to actually organize and direct the struggle against natural disaster. On the one hand, it is necessary to shock harvest summer grain as much as possible and to strive to reduce losses to a minimum. On the other hand, it is necessary to tackle the problem of waterlogging and engage in shock planting. We should strive to plant more autumn grain in order to make up for losses caused by natural disaster. We should mobilize all forces to help the masses in disaster areas promote production and recover from losses. We should encourage people there to strengthen their confidence, overcome difficulties and rebuild their homes. While fighting floods and helping people in disaster areas, we should also effectively grasp industrial production and transportation work.

### Shen Daren at Jiangsu Party Anniversary Meeting

OW0507151891 Nanjing XINHUA RIBAO  
in Chinese 26 Jun 91 p 1

["Provincial Committee Holds Veteran Comrades' Discussion Meeting in Commemoration of '1 July' by Ma Jian (7456 0256)"]—XINHUA RIBAO Headline]

[Text] Yesterday afternoon the Jiangsu Provincial CPC Committee invited veteran party comrades, close to 30 in number, who once struggled and worked for a long time and held important leading posts in our province, to a discussion meeting to commemorate the 70th founding anniversary of the Chinese Communist Party.

The discussion meeting was chaired by Chen Huanyou, deputy secretary of the provincial party committee and governor of the province. First of all, he extended festive greetings and cordial regards, on behalf of the provincial party committee, to the veteran party comrades present at the meeting as well as those in various localities of the province. He also expressed heartfelt thanks to them for their longtime concern and support for the various fields of work undertaken by the provincial party committee and government. He said that the arduous task of achieving the second-step strategic objective and the



work of strengthening the party itself cannot be successful without the wisdom and experience of veteran comrades. He said he sincerely and earnestly hopes that veteran comrades will give valuable suggestions on the strengthening of the party and all other tasks in Jiangsu so that the province will do its work still better.

The veteran comrades attending the meeting were Han Peixin, Bao Houchang, Liu Lin, Chu Jiang, Jin Xun, Gong Weizhen, Liu Hegeng, Hua Chengyi, Ouyang Huilin, Xu Fangheng, He Binghao, Dai Weiran, Xie Kedong, Liu Yubao, Wang Jingqun, Wang Chubin, Tian Lantian, Yang Dehe, Chen Lie, Chen Chao, Zhengkang, Yao Yuan, Qian Mengwu, Gao Liguang, and Tao Youliang. By citing their personal experience in their speeches, many comrades expressed opinions, spoke freely about what they wanted to say, and offered very good suggestions on such questions as summing up the historical experience of the party, inheriting and carrying forward its fine tradition and workstyle, and devoting more efforts to strengthening the party during the new period. In their speeches, the veteran comrades expressed the earnest hope that in the complicated international environment, our party will stand the tests faced by a ruling party, the tests of reform and opening to the outside world, and the tests of opposition to "peaceful evolution" so as to ensure the correct direction of the modernization drive and the nature of our party as vanguards of the working class. They also hoped that the party will gear up the strengthening of its leading bodies at all levels, train and bring up millions upon millions of successors to carry on the socialist cause, and see to it that the party and state power of leadership at all levels is always held in the hands of those who are loyal to Marxism.

Shen Daren, secretary of the provincial party committee, addressed the meeting. A review of our party's brilliant course over the past 70 years shows that all achievements in China's revolution and construction resulted from the efforts made by millions upon millions of Communist Party members to unite with the masses of people in advancing wave upon wave and struggling in concert. Comrade Mao Zedong and other proletarian revolutionaries of the old generation made magnificent contributions to the party, state, and nation. A large number of veteran comrades within our party played the role of the backbone force and made very great contributions in different historical periods. You veteran comrades attending this meeting have devoted great painstaking efforts to our province's cause of revolution and construction. Jiangsu's achievements in all fields today, including the achievements scored in the strengthening of the party, are inextricably bound up with the ground-work you have laid and the consistent support and assistance you have given for so many years. Your contributions to the party's cause will never be forgotten by the party and the people.

Shen Daren pointed out: Under new historical conditions, in order to carry forward the party's fine traditions and work style, we need to fully enlist the help of veteran party comrades. Veteran comrades have had extensive experience in the revolutionary struggle. They have long

been nurtured in the party's fine traditions and work style. They have weathered many a storm. They have accumulated many precious experiences in strengthening the party. All these are what the younger generation of party members lack and need to learn. He asked that all levels of party organizations should heed and make the best use of veteran comrades' strong points in this regard, learn from their experience and knowledge, and do a good job in strengthening the party.

In addition, Shen Daren hoped: Health permitting, and out of their noble sense of responsibility to the party and the people, veteran comrades will enthusiastically teach the younger generation the party's fine traditions and work style by "passing on their experience, giving help, and setting good examples," and strive to cultivate thousands of millions of reliable successors for the revolutionary cause. Aside from the task of strengthening the party, he also hoped that veteran comrades will continue to care for, support, and help other works of the provincial party committee and government. He expressed the belief that with all party members being of one mind and acting in unison, our party will certainly become stronger and our cause will certainly grow and flourish.

An atmosphere of unity, cordiality, and joy prevailed throughout the meeting.

### **Jiangsu Issues Circular on Jiang Zemin Speech**

OW0607154191 Nanjing Jiangsu People's Radio  
Network in Mandarin 0915 GMT 5 Jul 91

[Text] The provincial party committee recently issued a circular on earnestly studying the speech made by Comrade Jiang Zemin at the meeting marking the 70th anniversary of the party's founding.

The circular says: Comrade Jiang Zemin's important speech summarizes the experience of party's 70 years of history, clarifies in an all-around way the basic principles and requirements for building the socialist economy, politics, and culture with Chinese characteristics, and spells out the solemn mission of the Chinese Communists and the historical task of further promoting party building. The speech is an important Marxist-Leninist document and a programmatic document that will guide the work of the whole party now and in the days to come.

The circular demands: Party committees at all levels must immediately start making arrangements and set aside some time in July and August for party members, cadres, and other sections of the population to study the speech in depth. Leading cadres at all levels, leading comrades at the county level in particular, should take the lead in earnestly studying the speech. Party committees at all levels should set different requirements for different groups and levels. We must use the guidelines contained in Comrade Jiang Zemin's important speech to guide our current work. Party committees at all level must have a comprehensive and profound understanding of the speech and set for clearer requirements

and measures for reform and opening to the outside world, economic construction, and party building.

At present, the province is faced with arduous tasks of fighting floods, draining waterlogged areas, and other work. The localities must make meticulous plans and careful preparations and use the guidelines of Comrade Jiang Zemin's important speech to guide and push forward the various tasks at hand.

### **Jiangsu's Taihu Lake Reaches Record High**

OW0707155391 Beijing XINHUA in English  
1526 GMT 7 Jul 91

[Text] Nanjing, July 7 (XINHUA)—The average water mark of Taihu Lake in east China's Jiangsu Province had reached 4.68 meters by this morning, 3 centimeters higher than the record high in 1954, according to Jiangsu provincial flood control headquarters today.

The Jiangsu Provincial Government issued an urgent call for fighting against floods and mitigating losses.

Severe flooding has affected some 1,466,000 hectares of farmland, of which some 100,000 hectares have to be replanted, according to the flood control headquarters.

In addition, the floods have submerged more than 20,000 enterprises in the area, about 10,000 of them in the Suzhou, Wuxi and Changzhou areas, and 7,000 more enterprises and factories have to completely or partially stop production. More than 470,000 residential houses and 1,564 villages were flooded.

### **Commentary Views Housing Reform in Jiangxi**

HK0807000791 Nanchang Jiangxi People's Radio  
Network in Mandarin 1000 GMT 1 Jul 91

[Unattributed commentary: "Push Forward Housing Reform in Vigorous, Reliable Manner"]

[Text] Beginning 1 July housing reform was carried out all over the province. This is a major event in the daily life of the people across the province. At present the situation with respect to housing reform is gratifying and spurring us on. We must make the best use of the situation and vigorously and reliably push forward the housing reform.

The basic purpose of the housing reform is to ease the strain on residential units in cities and towns, improve housing conditions, correctly guide consumption, and gradually realize commercialization of housing. This conforms to the people's basic and long-term interests.

For a long time our housing system has been irrational. At present house rent accounts for less than 1 percent of workers' total consumption. By calculation, housing expenditure should account for 5 percent of workers' wages. This shows that a suitable increase in house rent will be acceptable to workers if it does not exceed 5 percent of their wages. In other words, we can increase

house rent without providing subsidies or by providing less subsidies than the increment so long as the house rent is kept within 5 percent of the workers's wages.

Some localities carried out housing reform earlier. Generally speaking, the results are satisfactory. However, we must be aware that housing reform is an arduous and complicated task. Whether we carry out single or multiple housing reform, we will come across various problems. Therefore, we must be confident, seek truth from facts, work with zeal, and take a scientific approach. We must take into account possible difficulties in the work, further spread propaganda among the masses, conduct thoroughgoing and painstaking ideological work, uphold the mass line, and do the work meticulously and in a down-to-earth manner so as to enable the masses to acquire a better understanding and win support from all sectors, thus pushing forward housing reform successfully.

### **Shandong Congress Studies Jiang Speech**

SK0407132191 Jinan Shandong People's Radio  
Network in Mandarin 2200 GMT 3 Jul 91

[Text] On the morning of 3 July, the leading party group of the provincial People's Congress Standing Committee sponsored an enlarged session to earnestly study the important speech given by Comrade Jiang Zemin at the rally in celebration of the 70th anniversary of the CPC's founding, during which the participating members pledged to regard the spirit of the speech as guidance in inheriting and developing the party's fine tradition; to uphold the four cardinal principles and the party's basic line; to vigorously do a good job in conducting various work of upholding and improving the people's congress system; and to promote and ensure the smooth progress in the programs of conducting reform, opening to the outside world, and building the socialist modernization.

Li Zhen, chairman of the provincial People's Congress Standing Committee, presided over the session at which the participating comrades contended that the speech given by General Secretary Jiang Zemin had reviewed and summarized the party's 70-year course of struggles, its basic experience, and its tremendous achievements; elaborated the dignified missions of contemporary Communist Party members; and had put forward the important task and basic demand for further enhancing the party building. Therefore, the speech represents a historical textbook of Marxist political party.

During the discussion at the session, the participating comrades stated, with deep understanding and by bearing in mind the party's history and the practice conducted since the PRC's founding as well as particularly the development changes incurred since the Third Plenary Session of the 11th CPC Central Committee, that without the CPC's leadership there would be no socialist new China and no great achievements scored over the past 41 years, which are drawing world attention. Only by following the socialist road under the

CPC's leadership can our country become strong and prosperous, our nationalities flourish, and our people become wealthy.

During the discussion at the session, the participating members, by firmly bearing in mind the reality of people's congress work, simultaneously contended that in delivering his speech, General Secretary Jiang Zemin, from the high plane of building the socialist politics reflecting the Chinese characteristics and of consolidating or enhancing the people's democratic dictatorship, had summarized and expounded in an overall, systematic, and penetrating way the work of further upholding and improving the systems of people's congress and of promoting the construction of socialist democracy and legal systems. He has not only defined a clear direction of further developing the people's congress work and but also put forward clear tasks and demands for the People's Congresses at all levels.

#### **Shandong Holds Conference on Overseas Enterprises**

SK0707032091 Jinan Shandong People's Radio  
Network in Mandarin 2200 GMT 6 Jul 91

[Text] The provincial overseas enterprise work conference ended in Qingdao on 6 July. The conference specially studied and exchanged views on establishing organs stationed in foreign countries, on vigorously developing overseas enterprises, and on establishing internationalized economic networks and formulated specific measures. Guo Changcai, vice governor of the provincial government, and Wulanmulun, vice minister at the Ministry of Foreign Economic Relations and Trade, addressed the conference.

In his speech, Guo Changcai urged that we should fully understand the main changed directions of the province's economic and social development and the great significance of expanding the scale of opening the province to the outside world; approach the development of overseas enterprises from the high strategic plane; pay full attention to development; and strive to change, as soon as possible, the orientation of exports and foreign exchange earnings from exporting raw materials and roughly processed products to exporting precision or extensively-processed finished products, from exporting large amounts of cheap products to exporting high-quality and world-standard products that can create more foreign exchange, from creating foreign exchange through exports to increasing economic results by creating foreign exchange, and from unitary exports and foreign exchange earnings to use of foreign capital, import of technologies, and development of overseas enterprises. Guo Changcai pointed out: We should concentrate the development of overseas enterprises on bringing in capital, technologies, and equipment, promoting sales, and coordinating information exchange and services. In the coming five years, the province will establish several general companies in some major trading and monetary cities of the world, and preliminarily form an internationalized economic development

structure. With regional characteristics, serving as show-cases, and organized by enterprise associations, these companies will be able to create good economic results and take charge of work of multiple purposes. In the next decade, the province will extensively establish international and overseas information, investment, marketing, and technological import networks.

Wulanmulun, vice minister at the Ministry of Foreign Economic Relations and Trade, made a speech on the special subjects of why should we make investment in running enterprises in foreign countries and of how to assess the economic results of overseas enterprises.

Responsible comrades of the Hong Kong and Macao affairs office under the State Council and some economic and commercial counselors of the China Embassies and consulates in foreign countries introduced the investment environments and the policies and regulations of foreign countries at the conference. Responsible personnel of 29 overseas enterprises in the province exchanged their experiences and suggested ways and means at the conference.

Through joint discussions, the conference revised the Shandong Provincial methods for encouraging the development of overseas enterprises and serving the development of export-oriented economy, the Shandong Provincial general program for developing overseas enterprises, and the Shandong Provincial provisional regulation on management of overseas enterprises.

#### **Shandong Wheat Production Ranks First in Country**

SK0607081391 Jinan Shandong People's Radio  
Network in Mandarin 2200 GMT 5 Jul 91

[Text] Wang Jiangong, vice governor of the provincial government, declared at the provincial agricultural production forum that ended on 5 July: This year, the province turned out 18.27 billion kg of wheat, registering an increase of nearly 10 percent over 1990 and exceeding the historical peak level. The wheat production ranked Shandong second in China last year and first in 1991.

Wang Jiangong pointed out that based on the bumper summer grain harvests, we should make consistent efforts and adopt greater measures to capture a yearly bumper harvest.

Wang Jiangong stressed: All localities should overcome the thinking of regarding summer grain production as superior to autumn grain production; ensure production increases in summer, autumn, and the whole year; and strive to realize a yearly bumper harvest. On the basis of steadily increasing the production of grain, cotton, and oil-bearing crops, we should vigorously develop a diversified economy; and ensure to comprehensively reap bumper harvests in grain, cotton, oil-bearing crops, vegetables, fruit, forestry, animal husbandry, sideline occupation, and fishery. We should further upgrade the production levels of the areas in the eastern part of the province, fully tap the production potential of the areas



in the western part of the province, and ensure that the production levels of 16 cities and prefectures are even and the province as a whole reaps bumper harvests.

#### **Wu Bangguo Meets Korean Delegation to Shanghai**

OW0707151191 Shanghai People's Radio Network  
in Mandarin 2200 GMT 5 Jul 91

[From the "Morning News" program]

[Text] Yesterday evening [5 July], Wu Bangguo, secretary of the Shanghai Municipal CPC Committee, held a cordial meeting at the Xijiao Guest House with Comrade (Yi Yong-tae), responsible secretary of the Hamhung City Committee of the Korean Workers' Party [KWP] and the Hamhung City Goodwill Delegation headed by him. Ni Hongfu, deputy secretary of the municipal party committee, was also present.

Friendly relations between Shanghai and Hamhung have developed since the two cities established friendly relations in June 1982. The delegation is paying a return visit for Deputy Secretary Ni Hongfu's visit to Hamhung last year. During their meeting, Wu Bangguo and Ni Hongfu extended a warm welcome to the Korean Comrades, briefed them on Shanghai's reform and opening to the outside world and the development of Pudong, and wished that Hamhung City make further progress in socialist construction under the leadership of the KWP.

The Korean comrades arrived in Shanghai on 4 July. Yesterday, (Yi Yong-tae) and his entourage paid a visit to the site of the First National Congress of the CPC, Zhou's Residence, and other places.

#### **Inspects Flood Areas**

OW0807182591 Beijing XINHUA in English  
1421 GMT 8 Jul 91

[Text] Beijing, July 8 (XINHUA)—Eight dams in Qianshengdang Marsh in Qingpu County in Shanghai were blown up to divert more water from Taihu Lake, where the water level is 1.15 meters above the warning mark as a result of heavy downpours.

Earlier on July 5, the State Flood Control Headquarters decided to blast the Taipu Gate and Hongqi Dams for the same purpose.

Qianshengdang Marsh, covering an area of 146.6 hectares, are located in the lower section of the Taipu River which is the spillway tunnel allowing the water in Taihu Lake to drain into the Huangpu River.

People in the flood diversion area had been moved to safer areas before the blasting of the dams. More than 20,000 soldiers and civilians have been mobilized to reinforce the dykes along the Qianshengdang Marsh.

Wu Bangguo, secretary of the CPC Shanghai Municipal Committee, Huang Ju, mayor of the Shanghai Municipal

Government have been to the Qianshengdang Marsh today and made further plans to fight against the flood.

#### **Tours Songjiang Flood Sites**

OW0807215691 Shanghai People's Radio Network  
in Mandarin 0900 GMT 8 Jul 91

[From the "News and Weather" program]

[Text] Wu Bangguo, secretary of the Shanghai Municipal CPC Committee, visited Songjiang County today to gain first-hand information on the disaster situation and on measures to fight flooding and waterlogging. At 0900, Comrade Wu Bangguo heard reports by (Xu Hanliang) and (Shen Xiaoliang), respectively secretary of the county party committee and governor of the county, on efforts to combat disaster. At 1100, he went on to (Xingbang) Township, which is only four km from Hongqi Dam and (Liansheng) Dike in Qingpu, to inspect flood combat work.

(Xingbang) Township is surrounded by water and is adjacent to (Liantang), (Zunbian), and (Liansheng) Townships in Qingpu. After floodwater was discharged from Hongqi Dam on 5 July, more than 20,000 mu of farmland was flooded and quite many houses in the township took in water. Over 10,000 people in (Xingbang) Township were mobilized in the past few days to pile more than 20,000 straw sacks with nylon cords on the dike and to drain accumulated water. The area was at low tide yesterday. However, the water level in the Huangpu Jiang managed to hit 3.37 meters, which was above the warning level. Twelve townships in Songjiang County are expected to be directly hit by floodwater released from (Liansheng) Dike.

At 1230 today, Wu Bangguo took a motorboat ride to inspect the water level in (Dazun) Dike in the (Xinjin Jiang) between Songjiang and Qingpu. The water level was higher than (?low-lying) farmland and villages. On behalf of the municipal party committee and the municipal government, Comrade Wu Bangguo extended regards to the people of Songjiang working on the frontline of disaster combat. He said: The area was at high tide between 13 and 14 July. In addition, floodwater was released from Hongqi and (Liansheng) Dams. Faced with these difficulties, we should start by fighting major disasters and effectively organizing relief contingents while going all out to reinforce and increase the heights of low dikes. Rural enterprises should take flood-prevention measures for their factory premises and try not to halt production. At the same time, it is necessary to make good arrangements for the livelihood of people in urban and rural areas and to attempt to minimize the losses caused by natural disaster.

#### **Shanghai Mayor Sends Greetings to Trade Show**

OW0507163991 Shanghai People's Radio Network  
in Mandarin 0900 GMT 3 Jul 91

[From the "News and Weather" program]

[Text] According to a dispatch from Hong Kong, the 1991 Shanghai Technology Show and Trade Meeting grandly opened at the Hong Kong Exhibition Center this morning. Over 100 friends and businessmen from Hong Kong's economic, scientific, and technological and other spheres are here to hold business talks.

Shanghai Mayor Huang Ju attaches great importance to this trade meeting. Though he was unable to go to Hong Kong to attend the opening ceremony because of the press of official business, he sent a congratulatory message to the trade meeting. He said: On the occasion of the opening of the trade meeting, I wish to extend my warmest congratulations on behalf of the Shanghai Municipal People's Government. The technology show and trade meeting are jointly sponsored at the proposal of the Hong Kong Trade Development Council. I am convinced they will strengthen the close exchanges and cooperation in science and technology between Shanghai and Hong Kong; expand economic, technological and trade contacts between the two sides; and promote friendship between people in Hong Kong and Shanghai on the one hand and people in all countries in the world on the other.

The 105 units from Shanghai participating in this technology show and trade meeting will adopt a variety of means of technological transfer, codevelopment, and technical services to meet the demands of Hong Kong and Southeast Asia markets.

Zhang Xiang, head of the Shanghai Science and Technology and Trade Delegation and vice chairman of the Shanghai Municipal Foreign Economic Relations and Trade Committee, disclosed at a news briefing here today that the 1991 China Foreign Technology Trade Show, jointly sponsored by the Ministry of Foreign Economic Relations and Trade and Shanghai Municipal People's Government, will be held at the Shanghai Exhibition Center 9-15 September this year. This will be a large scale and comprehensive technology trade show. He warmly welcomes friends from all countries and friends in all spheres in Hong Kong to come to Shanghai to visit and hold business talks.

#### Article on Shanghai Economic Trends

HK0507153091 Beijing ZHONGGUO XINWEN SHE  
in English 1417 GMT 5 Jul 91

["Shanghai's Economic Development Sees a Good Trend But Poor Economic Results"—ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, July 5 (CNS)—Shanghai's industrial production, a pillar of the local economy, remained stable with continuous growth during the first half of this year, following a painstaking picking-up last year.

The latest figures released by the Shanghai Bureau of Statistics show that the Municipality had a gross industrial output value of some RMB 94.6 billion [Renminbi] in the first six months of this year, more than 11 percent

up from the same period last year. The monthly output value showed a continuously rising trend.

Market sales, at the same time, started booming since the beginning of summer. The total sales volume of commodities was valued at RMB 3.217 billion across the municipality last May, a rise of 12.4 percent from the same period last year. Foreign trade also showed an upward trend with the export value totalling U.S.\$2.636 billion, 105.5 percent up from the same period last year. Foreign investors' confidence in Shanghai strengthened further with the municipality approving 181 foreign-funded projects with direct investment totalling U.S.\$228 million in the first half of this year, respective rises of 135 percent and 85 percent compared with the same period last year. Financial revenue also took a turn for the better with 2 percent growth over the first five months of this year when compared with the same period last year.

A decline in the economic results of enterprises has not yet been effectively controlled. Statistics for the first four months of this year show that taxes and profits generated by industries throughout the municipality dropped by 6.8 percent from the same period last year.

The number of enterprises running at a loss increased by 35 percent. Starting in May, the situation took a turn for the better, but taking the whole first six months into consideration, the economic results of enterprises showed a continuing slide mainly because of the high prices of energy and raw materials as well as unresolved "triangular" debts among enterprises.

#### Zhejiang's Li Zemin Speaks on Party Anniversary

OW0707044991 Hangzhou ZHEJIANG RIBAO  
in Chinese 27 Jun 91 p 1

[Speech by Li Zemin on the occasion of the Zhejiang provincial rally marking the 70th anniversary of the founding of the CPC and the inauguration of the Nan Hu Revolutionary Memorial Hall in Jiaxing; date not given: "Forge Ahead Courageously Along the Revolutionary Course Charted Aboard the Red Boat in Nan Hu"]

[Text] Dear comrades:

Today, leading central comrades, along with guests from pertinent central departments and fraternal provinces and municipalities, join us here at Nan Hu in Jiaxing—one of the sites where the party's "First Congress" was held—to celebrate with fervor the 70th founding anniversary of the CPC.

Seventy years ago, China, on the one hand, was invaded and plundered from the outside by large imperialist powers and, on the other, was oppressed and exploited at home by the feudal rule of reactionary warlords. The entire country was dilapidated, and the people were in great distress. Many people with lofty ideals had explored ways to save the country, and countless resistance struggles of extreme bravery had been fought, but

all failed. In 1921, the First CPC Congress convened in Shanghai and triumphantly concluded aboard a red boat in Nan Hu in Jiaying with a solemn pronouncement of the birth of the CPC. As Comrade Mao Zedong pointed out, the creation of a Communist Party in China was a great event in the world. The boat of the Chinese revolution set sail from then on, and the history of the Chinese people opened up a new chapter.

Over the past 70 years, via valiant struggles and arduous efforts, our party has led all ethnic groups across the country to win a great victory in China's revolution and construction and to create earthshaking miracles one after another. After leading the whole country in a 28-year bloody war from 1921 to 1949, the party eventually toppled the three big mountains of imperialism, feudalism, and bureaucratic-capitalism; won the victory of the new democratic revolution; and established the People's Republic of China. After the founding of New China, the party successfully led a socialist transformation of agriculture, handicrafts, and capitalist industry and commerce; established a socialist system in China; and launched the whole nation into a large-scale, systematic socialist construction. Since the Third Plenary Session of the 11th Party Central Committee, the party Central Committee has put forward and adhered to the basic line of the initial stage of socialism. It has unswervingly carried out the policies of reform and opening to the outside world and launched the Chinese people onto the course of developing socialism with Chinese characteristics, scoring achievements attracting worldwide attention in various undertakings. Presently, it is advancing toward the second-step strategic objective of socialist modernization.

During the epic course of the party-led Chinese revolution, party organizations, advanced elements, revolutionaries, and the masses in Zhejiang Province have contributed their share of struggles and contributions. Over the past 70 years, sons and daughters of Zhejiang, led by the party, have fought gallantly, labored untiringly, and added a glorious chapter to the annals of Chinese revolution and construction. Jiaying's Nan Hu will go down in history forever as one of the sites where the party's "First Congress" was held. During the revolutionary war years, tens of thousands of Zhejiang's children sacrificed their lives in the interests of the people. In the course of socialist construction, more than 1.6 million Communists have worked side by side with the people across the province and made tremendous contributions to the motherland's modernization. Today, as we celebrate the party's birthday, we dearly cherish the memory of our revolutionary martyrs who bravely sacrificed themselves and extend our high respect to Communists working on various fronts as well as the people across the province.

Comrades! As we celebrate the 70th anniversary of the party's founding at Nan Hu, Jiaying City, today, we feel an upsurge of emotion filled with pride and enthusiasm when we reflect on the past in light of the present. Our

party has grown large in the last 70 years; it has developed from some 50 members in the early days of its existence to a mature Marxist-Leninist party with some 50 million members which rules a huge nation of 1.1 billion people. Our nation has grown strong; it has been transformed into a prosperous socialist New China from an awful mess of poverty and blankness where people lived in dire poverty in a shattered land. The CPC's 70-year history is the history of the party leading the people of China in initiating revolution and a new chapter of construction, the crystallization of integrating the universal truth of Marxism-Leninism with China's reality and the continuous victory in the formation and development of Mao Zedong Thought, and the CPC's glorious struggles for the interests of the people of all nationalities in China. Although mistakes have occurred in the party's history, including serious mistakes like the "Cultural Revolution," our party nevertheless is still a worthy party serving the people wholeheartedly, courageously adhering to the truth and rectifying mistakes, capable of withstanding any test; it is undoubtedly a great, glorious, and correct party. From some 100 years of the development process of China's contemporary history and their real life experience of history, the people of China understood an irrefutable truth and established an unshakable conviction, which is: Without the CPC, there would be no New China; without the CPC, there would be no socialist modernization of China. Upholding the leadership position of the CPC is the choice of history, the conclusion of history.

Looking to the future, we feel deeply that we are shouldering a great glorious historical mission and that our tasks are heavy and the road ahead is long. Chinese Communist Party members of the older generation represented by Comrade Mao Zedong integrated in a creative way the universal truth of Marxism-Leninism with the concrete practice of China's revolution and construction, enriched and developed Marxism-Leninism, found a path leading the Chinese revolution to success, and established China's socialist system. Then, Chinese Communist Party members, with Comrade Deng Xiaoping as the representative, defended, upheld, and developed Marxism-Leninism-Mao Zedong Thought and opened up the road of building socialism with Chinese characteristics. Now, we should make unceasing efforts to explore and create new things while continuing to advance along the road of building socialism with Chinese characteristics under the leadership of the party Central Committee with Comrade Jiang Zemin as the core. The Seventh Plenary Session of the 13th CPC Central Committee has outlined a great blueprint for the second-step strategic objective for China's socialist modernization and presented a new work objective to people across the country. Zhejiang Province, like all other parts of the country, is seriously implementing the guidelines set at the Seventh Plenary Session and has formulated an Eighth Five-Year Plan and a 10-Year Program for Economic and Social Development based on actual conditions in the province. The task before party organizations at all levels and all Communist Party



members in our province at present is to mobilize and unite people across the province to uphold the party's basic line of "one central task and two basic points," work hard with one mind, and put economic construction on the track of relying on advances in science and technology and on better quality of laborers. It is necessary to focus on improving the overall quality of our economy; emphasize economic work in laying a good foundation, achieving a higher level, and increasing efficiency; and make due contributions to accomplishing the tasks set in our province's Eighth Five-Year Plan and 10-Year Program and in attaining the second-step strategic objective.

Now, our party and state are in a crucial period for carrying forward past traditions and opening the road ahead. On the road of building socialism with Chinese characteristics, we have to surmount numerous difficulties. At present, the socialist cause in the world is meeting serious setbacks, and international hostile forces are stepping up their "peaceful evolution" strategy against socialist countries. Domestically, the struggle between upholding the four cardinal principles and promoting bourgeois liberalization will remain for a long time to come. In an environment where our country is carrying out reforms, opening to the outside world, and developing a socialist commodity economy, it is inevitable that decadent capitalist ideas, values, and way of life will sneak in to corrode the healthy organism of our party. Whether our party, under the condition of being a ruling party, can adhere to the purpose of serving the people wholeheartedly, guard against corruption and deterioration, and forever retain its true color as vanguard of the working class is an important question to which we must pay great attention and which we must answer seriously through practical action. For a long time from now on, our party will always face the stern test for a ruling party, the stern test of reform and opening to the outside world, and the stern test of struggle against "peaceful evolution." Historical experience and grim reality have made us aware that the condition of our party is of decisive significance to the rise or fall, success or failure of our cause of revolution and construction. Whether our objective can be smoothly achieved and whether our cause can prosper and develop depend on if our party can stand the abovementioned three stern tests and whether we can continuously consolidate the party's ruling position and firmly hold onto the party's leading power. We have the determination and confidence to act in the direction charted by the party Central Committee and build party organizations at all levels in our province into staunch leading cores which are more mature theoretically, more unified ideologically, more steadfast politically, and more united organizationally and which maintain close ties with the masses. In this way, we will be able to lead the broad masses of people to successfully push our socialist modernization program and the cause of reform and opening to the outside world forward.

Today, the best practical way to celebrate the 70th anniversary of the party's founding is to carry forward

the party's fine traditions and concentrate on self-improvement of party organizations in the province based on the party's basic line.

—We must forever give top priority to the work of strengthening the party ideologically and make great efforts to improve all party members' knowledge of Marxism-Leninism. As the essence of his theory for strengthening the party, Comrade Mao Zedong emphasized the importance of the ideological angle, which also serves as an important guarantee for and basic experience of the party to remain as the vanguard of the working class and to enhance its fighting capacity. Once we take care of this, we have laid the foundation for strengthening the party. We must further enhance awareness of studying Marxist-Leninist theories; grasp Marxist-Leninist positions, standpoints, and methodology; stick to socialist orientation; adhere to communist beliefs; firmly uphold the idea of serving the people wholeheartedly; and heighten the ability to distinguish between right and wrong and to stay on top of everything amid intricate contradictions and struggles. The study of the basic theories of Marxism-Leninism and Mao Zedong Thought should be linked with that of the works of the older generation of proletarian revolutionaries such as Deng Xiaoping, with that of the theory of developing socialism with Chinese characteristics, and with efforts to transform one's subjective world and to enhance one's party spirit. In addition, as we celebrate the 70th anniversary of the party's founding, we should also launch an extensive campaign among cadres with party membership at all levels across the province to study the history of the CPC and theories on party building. In short, in the study of the basic theories of Marxism-Leninism, we must have a high sense of responsibility and mission so that we may make solid and unremitting efforts to further arm all levels of party organizations and all party members in the province with Marxist-Leninist theories.

—It is necessary for us to practically and vigorously promote development of the organizations of the party to enhance the combat effectiveness of the party organizations at all levels throughout the province. Presently, the primary task for promoting development of organizations is to step up efforts to promote development of the leading groups at all levels, especially those at and above the county level. We must correctly carry out the policy of the party's Central Committee on revolutionizing the contingents of cadres by employing those who are comparatively young, knowledgeable, and professional, and by choosing good people to be our cadres in strict accordance with the principle of recruiting those who have both the ability and political integrity to join our ranks. It is necessary for us to train and build up successors who will live and work in the next century, and to guarantee that the leadership of the party organizations at all levels remains firmly grasped within the hands of those who are loyal to Marxism from a strategic high plane by ensuring that there is no lack of successors

to carry on the socialist cause and make it flourish in our country. We must conscientiously sum up the experiences acquired from inner-party political life in the past as well as the lessons drawn therefrom, further persist in and improve the democratic centralism, strictly enforce the organizational discipline of the party, see to it that the whole party maintains an ideological and political unity and acts in unison, and make effort to strengthen unity of the party. It is necessary for us to promote development of the primary organizations in a down-to-earth manner, bring about a change in the condition of the party organizations at the grass-roots level which are lax in discipline and whose morale has been sapped, and make the primary organizations of the party truly become highly disciplined and combat effective political nuclei and strong bastions that maintain close ties with the masses and implement the party's line, guiding principles, and policies. We must be strict in our education and administration of the party members and continuously enhance their political quality in order to bring into full play their exemplary vanguard role in leading the broad masses of the people to dedicate themselves to socialist modernization.

—It is necessary for us to resolutely and effectively do a good job in promoting the work style of the party in order that we may uphold the high prestige enjoyed by the party among the masses. A complete set of excellent traditions and work styles took shape during the course of our party's revolution and construction practices over a protracted period of time; they are the extremely precious spiritual wealth and political superiority possessed by the party. Today, when we speak of inheriting and carrying forward the excellent traditions and work style, we mean persisting in pursuing the ideological line of seeking truth from facts and not simply following what superiors or books say but acting only according to realities. It is necessary for us to always maintain and promote the work style of maintaining close ties with the masses, go down to the grass-roots units in order to go deep into the realities of life, strictly avoid empty talk, work in a down-to-earth manner, set rigid rules governing inner-party life and rigorously enforce them, conduct criticism and self-criticism in a serious and conscientious manner, practice plain living, and wage a hard struggle by becoming one with the masses and sharing weal and woe with them. We must also be strict with party members and make vigorous efforts to promote the party style as well as the running of a clean government by mercilessly waging the struggle against all negative and corrupt phenomena and sternly punishing the corrupt elements in order to maintain the purity of the party.

The next decade represents a 10-year period for us to fulfill the various tasks for achievement of the second-step strategic objective of our socialist modernization and to lay a foundation for achievement of the third-step objective; and, as such, it is also a 10-year period that will have a bearing on the future and destiny of our party

and our country. All the Chinese people place great hopes on our party. We are convinced that under the guidance of Marxism-Leninism-Mao Zedong Thought, under the leadership of the CPC, and with the correct line, guiding principles, and policies laid down by the party the large ship of China will definitely cleave through the waves and press ahead with an indomitable spirit on the course of socialism with Chinese characteristics toward a glorious 21st century.

Comrades, let us take over the revolutionary torch kindled by the communists of the older generation at Nan Hu. Let us rouse ourselves for vigorous efforts to make our country prosper with one heart and one mind, and work hard with a pioneering spirit to succeed in accomplishing various tasks, carrying out construction projects, and further promoting economic construction as well as implementation of reform and the open policy in our province. Let us work more industriously to add to the prestige of the party's bright red flag with even more brilliant achievements and to make new and greater contributions to socialist modernization in our country!

#### **Zhejiang Governor Inspects Flooded Areas**

OW0907094191 Hangzhou Zhejiang People's Radio  
Network in Mandarin 0900 GMT 7 Jul 91

[Text] The rapid rise of the water level of the Taihu today posed a grave threat to Huzhou City. The water level at (Xiaomeitou) by the Taihu reached 4.6 meters, a record. This afternoon, Governor Ge Hongsheng rushed to inspect (Baijue) Village and other areas along the Taihu. He expressed grave concern about the flood situation. All relevant departments in Fuzhou City have been mobilized to fight floods. Relevant leading cadres of the city visited affected areas to direct fighting the floods. In the afternoon, Fuzhou City urgently implemented its contingency measures on flood prevention, called on people to step up patrols along river banks, prepare for floods, and strive to keep the losses to the minimum. The power supply to village and township enterprises in (Baijue) village was cut off to conserve power which will be needed in the fight against floods. Workers and staff members from plants were organized into many flood-relief detachments and were sent to combat floods at the forefront. The military subdistrict at Huzhou City, people's armed police, and local army units, sent flood-relief teams to reinforce dykes at dangerous sections.

Governor Ge Hongsheng, after hearing briefings on the flood situation and following his first-hand look at affected areas, again rushed to Changxing area this afternoon to guide flood-prevention and flood-relief work there.

#### **Central-South Region**

##### **Guangdong's Xie Fei at New Meteorological Center**

HK0907060791 Guangzhou Guangdong People's Radio  
Network in Mandarin 1000 GMT 7 Jul 91

[Text] The Guangzhou Regional Meteorological Center was formally set up this morning, it is set up in the

provincial meteorological bureau compound. Zou Jing-meng, chairman of the World Meteorological Organization and director of the Chinese State Meteorological Administration, presided over the ceremony. Ye Xuan-ping, vice chairman of the national committee of the Chinese People's Political Consultative Conference; provincial leaders Xie Fei and Ling Botang; old comrade Luo Tian; and celebrated meteorologists from all over China came to extend congratulations.

The Guangzhou Regional Meteorological Center, under preparation for five years, is one of the country's six regional meteorological centers and the third formally set up following the ones in Shanghai and Wuhan. It is learned that this is the tallest meteorological building in the world. Apart from continuing to forecast land weather for the Guangzhou urban area and Guangdong Province, it will provide guidance and service for Hainan, Guangxi, Fujian, Guangzhou, and Yunnan. It is also responsible for forecasting marine weather for the area south of 25 degrees north latitude and west of 130 degrees east longitude and will become a base for studying tropical weather and tropical marine meteorology. It will also be oriented toward Southeast Asia to strengthen meteorological cooperation with the countries there.

#### Guangdong Antinarcotics Conference Held

HK1007100891 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 10 Jul 91

[Text] The provincial antidrug conference held by the provincial government opened today. The meeting decided to take two to three years to check the unbridled spread of drugs, thus achieving the goal of eliminating harm done by drugs. Over the last few years, drug trafficking and abuse resurfaced in Guangdong. Lawless elements in and out of Guangdong colluded with each other in transporting drugs produced in the Golden Triangle to the international market through Guangdong.

Guangdong has become an important transfer center for international drug trafficking. The provincial government decided to crack down on six types of lawless elements involved in drug trafficking and abuse: Criminals or principal leaders of lawless groups that smuggle, traffic in, transport, and manufacture a large quantity of drugs; armed elements who protect drug traffickers; serious criminals who refuse to be detained, examined, and arrested by using violence; criminals who participate in organized international drug trafficking; criminals who utilize and instigate those under age to engage in drug trafficking; and criminals who provide a haven for drug addicts and sell drugs to seek profits, the last being main targets of attack.

#### Guangdong 1991 Exports Exceed \$5.5 Billion

HK0907075391 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 6 Jul 91

[Text] Gratifying results have again been achieved in Guangdong's foreign trade exports. The January-May

export volume exceeded \$5.5 billion, fulfilling 76.9 percent of the annual plan, up 18.6 percent from the same period last year.

Since the beginning of this year, provincial foreign trade departments have implemented a system of assuming sole responsibility for profits and losses, enjoying greater autonomy in handling their own affairs, carrying out competitions based on equality, and paying close and timely attention to exports. While strengthening coordination and management over exports, they have succeeded in mobilizing enterprises' enthusiasm for earning more foreign exchange for the country. With careful calculation and strict budgeting, various enterprises engaged in foreign trade have strengthened their business accounting, reduced export costs, enhanced their economic efficiency, and suited themselves to the new [word indistinct] in foreign trade.

Since the beginning of this year, Guangdong's industrial production has grown by a wide margin, thus providing strong support to foreign trade.

#### Guangxi's Zhao Fulin at Party Anniversary Rally

HK0907072691 Nanning Guangxi People's Radio Network in Mandarin 1030 GMT 1 Jul 91

[Excerpts] This morning, the Guangxi Autonomous Region held a rally in the autonomous regional government auditorium to solemnly celebrate the 70th anniversary of the founding of the CPC. The auditorium was superbly and splendidly decorated, and was filled with a festive atmosphere. [passage omitted]

Those who attended the rally today were responsible comrades from the regional CPC Committee, regional Advisory Commission, regional People's Congress, regional government, regional Chinese People's Political Consultative Conference, regional Discipline Inspection Commission, regional higher court, regional procuratorate, regional military district, People's Liberation Army [PLA] units stationed in Nanning, and regional People's Armed Police Corps; members of the Central Advisory Commission who were in Guangxi; representatives of veteran cadres and veteran red soldiers; responsible persons of various democratic parties and Federation of Industry and Commerce in the region; main responsible persons of various departments, commissions, offices, and bureaus under regional authorities, Nanning Prefecture, and Nanning City; some cadres, workers, and staff members from organs directly under regional authorities, Nanning Prefecture, and Nanning City; PLA units stationed in Nanning, and People's Armed Police Corps; and delegates who were attending a regional meeting in Nanning to commend outstanding party members and party workers, and advanced grass-roots party organizations. Over 1,400 people participated in the rally.

Regional party, government, and military leaders who were seated on the front row of the rostrum included: Zhao Fulin, Cheng Kejie, Liu Mingzu, Ding Tingmo, Lin



Chaoqun, Peng Guikang, (Li Enchao), Juang Yun, Chen Huiguang, (Wang Jingbo), and (Zheng Shenxia).

Cheng Kejie, regional party deputy secretary and chairman of the regional government, presided over the rally. He said: Now I announce the start of a rally held by our autonomous region and Nanning City to celebrate the 70th anniversary of the founding of the CPC. Regional party Secretary Zhao Fulin delivered a report at the rally.

Zhao Fulin said: [begin recording] Comrades and friends, while people of various nationalities in our region are working together with people of the whole country to advance with giant strides to fulfill the second-step strategic objective of socialist modernizations in our country, we solemnly gather here to celebrate the 70th anniversary of the founding of the CPC. Reviewing the party's brilliant history and taking a lesson from the party's historical experience, inheriting and carrying forward the fine party traditions is of very great significance to guiding our efforts to build socialism with Chinese characteristics, and uniting with people of various nationalities to attain the second-step strategic objective. [end recording]

In his report, Zhao Fulin talked about four issues: 1. the CPC's brilliant militant course over the past 70 years; 2. the magnificent objectives of struggle in the 1990's; 3. implementing the party basic line in an all-round and correct manner; and, 4. making great efforts to strengthen party building under new historical conditions.

While talking about the CPC's brilliant militant course over the past 70 years, Zhao Fulin said: [begin recording] The CPC's 70 years are 70 years in which our party has been developing and expanding. They are 70 years in which the universal truth of Marxism-Leninism is increasingly linked to the specific practice of revolution and construction in China. They are the 70 years in which the party has been leading people of the whole country to strive courageously to make our country powerful and prosperous to win a great victory in the Chinese revolution and socialist construction. Over the past 70 years, our party has accumulated a wealth of experiences. The most important and fundamental experience is that we integrate the universal truth of Marxism with the specific practice of the Chinese revolution and construction. This is the fundamental reason why our party can achieve the present-day great success. Today, we are advancing with greater strides toward the 21st century, reviewing the party's militant course over the past 70 years, and summing up our party historical experiences in leading the Chinese revolution and construction to further understand the great significance of integrating the universal truth of Marxism-Leninism with practice in China will play an extremely great role in better fulfilling the second-step objective and promoting our modernizations program. [end recording]

While talking about the magnificent objective of struggle during the 1990's, Zhao Fulin stressed: Fulfilling the

second-step strategic objective is the central task of the people of the whole country and the entire party in the 1990's. The basic requirements for attaining this objective are: On the basis of the party's ideas of enhancing economic results and optimizing economic structure, by the end of this century our GNP calculated in constant prices will be quadrupled compared with 1980. The living standard and food and clothing supplies for people of the whole country will reach a higher level. We will develop educational undertakings to promote scientific and technological progress. We will improve economic management, readjust economic structure, and strengthen key construction projects to lay a material and technological foundation for our country's sustained economic and social development. [passage omitted]

With regard to the issue of implementing the party basic line in an overall and correct manner, Zhao Fulin emphasized in his speech: To fulfill the objective of struggle in the coming 10 years, the key lies in implementing the party basic line in an overall and correct manner. We should take economic construction as a center, uphold the four cardinal principles, and persist in reform and opening up. In the socialist period, we should take economic construction as a center and vigorously develop social productive forces. This is a basic Marxist theoretical requirement for socialist construction. We should further understand the importance of developing productive forces. We should profoundly provide education on developing productive forces, so that all party members, and the broad masses of cadres and people will soberly understand that only by vigorously developing social productive forces, and promoting our labor productivity to a level higher than capitalist countries can we eventually defeat capitalism. Only by vigorously developing productive forces can we establish an economic foundation in the interest of political and social stability, and ensure a peaceful and lengthy reign in our country. Only by vigorously developing productive forces and constantly increasing the living standard of the people will the masses have a firmer belief in the party leadership, so that the party can forge closer links and unite with the masses. In a word, through education we should further mobilize and encourage all party members, cadres and the masses to unite as one, struggle hard, advance courageously, and conscientiously make contributions to the fundamental task of developing productive forces.

Zhao Fulin continued: To ensure the successful fulfillment of the second-step strategic objective, we should further persist in reform and opening up. In the course of persisting in reform and opening up, we should uphold the four cardinal principles more proficiently. To ensure that our party basic line is implemented in an overall and correct manner, we are required to further persist in the ideological line of seeking truth from facts. Under the guidance of the party basic line, we should boldly explore and blaze new trails. We should make efforts to closely integrate the central authorities' guiding principle with our region's specific conditions. Our enthusiasm in work should be closely linked

with the working method of seeking truth from facts. We should enable all party members and cadres to seek truth from facts ideologically, follow a fine work style, and work in a down-to-earth manner. We should profoundly conduct investigations and studies, conscientiously sum up experiences and lessons, and proceed from the reality in Guangxi to fully give play to our strong points to make efforts to promote socialist modernizations in our region.

While dwelling on the issue of making great efforts to strengthen party building under the new historical conditions, Zhao Fulin pointed out: We should build our party into a staunch core of leadership for our socialist cause. This is a basic guarantee for implementing the party basic line and fulfilling the party's objective of struggle. At present, our party and country face very complicated international and domestic situations. [words indistinct] and many complicated contradictions have called upon comrades of the whole party and people throughout the country to make explorations to solve the contradictions. Such great changes and new situations will inevitably bring many new problems to our party leadership and party building, which our party never experienced during the years of war or before the implementation of the policy of reform and opening up. We are facing three kinds of trials: our party being a ruling party, reform and opening up, and opposing peaceful evolution. Facts have proved that our party can withstand any rigorous trials. [passage omitted]

Zhao Fulin added: At present, we should concentrate our efforts on studying and solving the following major problems:

1. We should further strengthen ideological building of the party.
2. We should stick to the purpose of serving the people wholeheartedly, and strengthen the links between the party and the masses.
3. We should perfect party democratic centralism.
4. We should truly strengthen the building of leading bodies at all levels.
5. We should make efforts to strengthen the building of grass-roots party organizations to give full play to the vanguard and exemplary roles of Communist Party members. [passage omitted]

### On Enhancing Production Forces

HK0807121591 Nanning Guangxi People's Radio Network in Mandarin 1030 GMT 5 Jul 91

[Text] The regional party committee held a report meeting on education on productive forces development, 3-4 July.

The meeting listened to work reports made by some regional departments, commissions, and bureaus and made arrangements for further carrying out education on productive forces development.

A total of 24 regional departments, commissions, and bureaus made reports on how they had conducted education on productive forces development in their respective units.

Leaders of the regional party committee, including Zhao Fulin, Cheng Kejie, Liu Mingzu, Ding Tingmo, and leaders of the regional advisory committee, people's congress, government, and Chinese People's Political Consultative Conference Committee conscientiously listened to the reports. Leaders of various departments, commissions, offices, and bureaus directly under the regional authorities attended the report meeting.

After various units made reports on their work, Comrade Zhao Fulin delivered a speech in which he affirmed the achievements scored by various organs directly under the regional authorities in their education on productive forces development. He said: From the reports we have just heard, I think the education conducted by various organs directly under the regional authorities on productive forces development possesses the following three characteristics:

1. The leaders have attached great importance to the work and have taken the lead in participating in the study activities;
2. Various organs have integrated theory with practice, discussed ideological guidelines, and dealt with concrete matters regarding the work;
3. Various organs have summed up their work and formulated concrete measures in a spirit of rectification and solved a number of questions in the course of their study: They have strengthened their sense of responsibility and sense of urgency in promoting regional economic development and attaining the second-stage strategic goal, further aroused the enthusiasm of leading cadres and leading organs at all levels in developing social productive forces, further strengthened their confidence in adhering to economic construction as the center, further cultivated the guiding ideology of all types of work submitting to and serving economic construction as the center, acquired an in-depth understanding of the importance of reform and opening up, strengthened their concept of reform and opening up, acquired a preliminary understanding of the four types of relations to be properly handled by various departments of organs directly under the regional authorities, and enhanced their consciousness in improving management, facilitating invigoration, and promoting development.

Zhao Fulin pointed out: Problems have also been found in the region-wide education on productive forces development. They included: The work has proceeded in an unbalanced manner; a small number of units have not yet unfolded study and education activities; some units have failed to fully understand that developing productive forces is the fundamental task of socialism; some units have failed to conduct education in light of their actual conditions and have not yet formulated concrete measures in this connection.

Zhao Fulin also put forth some requirements on the second-stage study activities. He said: In July and August, we must conscientiously study General Secretary Jiang Zemin's important speech dated 1 July. The regional party committee will soon issue a circular on studying Comrade Jiang Zemin's 1 July speech. Party organizations at all levels must conscientiously implement and carry out the circular.

Regarding the second-stage education on productive forces development, Zhao Fulin put forth the following requirements:

1. Leading bodies at all levels as well as various departments and units must make concerted efforts to adhere to economic construction as the center, form a unifying force, and make a common effort to promote productive forces development;
2. It is necessary to conduct education in light of actual local conditions and correctly implement the party's principles and policies;
3. It is necessary to formulate measures aimed at submitting to and serving economic construction as well as promoting productive forces development;
4. It is necessary to improve the work style of various organs and build a clean and diligent government.

Zhao said: The whole region must act with one heart and one mind, work in a down-to-earth manner, and join hands in contributing to the attainment of the second-stage strategic goal.

#### At Township Enterprise Meeting

HK0907073591 Nanning Guangxi People's Radio  
Network in Mandarin 1030 GMT 7 Jul 91

[Excerpts] A regional work meeting on township and town enterprises opened in Nanning on 6 July. The meeting's main tasks are to sum up the achievements and experiences of our region's township and town enterprises during the Seventh Five-Year Plan period, and study the guiding principle and measures for the development of our region's township and town enterprises during the Eighth Five-Year Plan to enhance our understanding and contribute to promoting a prosperous rural economy.

Zhao Fulin, Cheng Kejie, Liu Mingzu, Ding Tingmo, Lin Chauqun, and (Li Enchao), members of the regional CPC Committee Standing Committee; (Wang Zuguang) and (Li Diwu), from the provincial Advisory Commission and regional People's Congress Standing Committee; Wang Rongzhen, Chen Ren, Yuan Zhengzhong, and (Shi Qingshe) from the regional people's government; Ou Jiwen from the regional Chinese People's Political Consultative Conference; and others attended the meeting. [passage omitted]

Cheng Kejie, chairman of the autonomous regional government, presided over the meeting. Zhao Fulin, regional party secretary, made an important speech.

In his speech, Comrade Zhao Fulin said: The scale and standards of this meeting show the important status and role of township and town enterprises in developing our region's economy. This also demonstrates that the regional CPC committee and regional people's government have strong determination in speeding up the development of township and town enterprises. He stressed: We should fully understand the status and role of township and town enterprises. Vigorously developing township and town enterprises is the road we should follow in order to invigorate the rural economy, and it is needed by the efforts to quadruple our GNP and achieve small-scale prosperity. It is also a fundamental measure for overcoming poverty and enriching our rural areas. It provides rural surplus labor with employment chances. This is beneficial to developing various kinds of social undertakings, strengthening the building of spiritual civilization, forging closer links between the party and the masses, and enhancing the rallying power of our party organizations. It is also beneficial to the common prosperity of both urban and rural areas, and gradually narrowing the gap between urban and rural areas.

Comrade Zhao Fulin continued: Our region's township and town enterprises have made great achievements, and have a good foundation. On the basis of enhancing our understanding and unifying our ideas, we should sum up experiences, give play to our strong points, implement our measures, and speed up the development of these enterprises. With regard to guiding ideology and specific work, we should truly handle well the following:

1. We should persist in suiting measures to local conditions and provide guidance for different types of areas.
2. We should adopt various forms to run township and town enterprises.
3. We should integrate our active support for township and town enterprises with the policy of self-reliance.
4. We should rely on science and technology to develop township and town enterprises.
5. We should deepen reform and expand opening up to further improve our township and town enterprises' operational mechanisms; increase their quality; strengthen their capability in self-development, self-transformation and self-constraint; and invigorate them.

Comrade Zhao Fulin also stressed: We should truly strengthen our leadership over the work of township and town enterprises. CPC Committees and governments at all levels should regard the development of township and town enterprises as a strategic task for invigorating our economy. It should be placed on our important work agenda. Main leaders should personally grasp the development of township and town enterprises, and leaders in charge of this special task should handle it specifically. In



each county and township, there should be a deputy county magistrate and a deputy township chief who are specially responsible for township and town enterprises. CPC Committees and governments at all levels should listen to reports very often, analyze the situation, and promptly study and solve problems which need to be settled in the course of developing township and town enterprises. Leadership at all levels should pay attention to promptly summing up and popularizing good experiences for developing township and town enterprises. We should use the experience of selected units to promote work in the entire area to push forward the development of township and town enterprises. We should perfect and broaden administrative organs responsible for the management of township and town enterprises, and strengthen the building of leading bodies in township and town enterprises, to ensure the healthy development of these enterprises.

In conclusion, Comrade Zhao Fulin emphasized: Vigorously developing our region's township and town enterprises, and making efforts to fulfill the second strategic task for our region's economic development is an important task facing party organizations and governments at all levels, and people of various nationalities in our autonomous region. Guided by the Seventh Plenary Session's spirit, we should boost our confidence, inspire our enthusiasm, and make contributions to speeding up the development of township and town enterprises, overcoming poverty and enriching our region, and invigorating our economy.

Long Chuan, vice chairman of the autonomous regional government, also spoke at the meeting.

#### **Deng Hongxun at Hainan Party Anniversary Rally**

*HK0907042691 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 1 Jul 91*

[Text] Yesterday morning [1 July], all the Haikou-based party, government, and military leaders happily joined the deputies to the provincial conference on commending advanced grass-roots party organizations, outstanding Communist Party members, and outstanding party affairs workers in the provincial party committee's auditorium in solemnly celebrating the 70th anniversary of the founding of the CPC.

Among those who attended the rally and sat at the rostrum were leading comrades of the provincial party committee, conference of people's representatives, government, and Chinese People's Political Consultative Conference committee, including Deng Hongxun, Liu Jianfeng, Wei Zefang, Li Zhimin, (Xiao Xuchu), (Wang Houhong), Pan Qiongxiang, Miao Enlu, Cao Wenhua, Meng Qingping, Xin Yejiang, Chen Suhou, (Mao Zhijun), (Wang Xueping), Yao Wenxu, Zhang Jintao, Wang Yuefeng, Zhou Song, Chen Kegong, and Li Mingtian. Also attending were veteran cadres, including Ma Baishan and Zhao Guangxu; Gong Pingqiu, political commissar of the Hainan Provincial Military District; (Zhou Tianshan), political commissar of the South

China Air Unit; (Yu Linshen), political commissar of the 11th Speedboat Detachment of the Chinese Navy; (Wang Heping), commander of the provincial armed police corps; (Chen Yuyi), secretary of the Haikou City Party Committee, and others.

The celebration rally was presided over by Liu Jianfeng, provincial party committee deputy secretary and provincial governor.

Deng Hongxun, provincial party committee secretary, delivered an important speech.

In his speech, Deng Hongxun first reviewed the history of the revolutionary struggles waged by the Chinese people who have fought bravely and advanced wave upon wave under the CPC's leadership. He said: History has incontrovertibly attested that the CPC's 70-year history is a history of continual development and expansion, a history of leading people to usher in a new historical era, and a history of Marxism winning great victories in China.

In his speech, Comrade Deng Hongxun also elaborated on Hainan's history and reality. He said: Under the CPC's leadership, the Hainan people have won brilliant victories in both the war years and the construction period. In April 1988, the party Central Committee decided to turn Hainan into a province and build Hainan into a special economic region. Since then, Hainan's development and construction have entered a new historical period. Over the past three years, under the leadership of the provincial party committee and under the guidance of the principle of using policies, laying a foundation, grasping implementation, and seeking efficiency, the Hainan people have simultaneously carried out the building of two civilizations, achieved noteworthy results in all fields, and created conditions for large-scale and more rapid economic development. Now a bright future is lying in front of the Hainan people.

In his speech, Comrade Deng Hongxun laid particular emphasis on earnestly strengthening party building, constantly maintaining blood-flesh ties between the party and the people, and wholeheartedly serving the people. He said: The CPC is the core force leading the Chinese people to undertake the causes of revolution and construction. Therefore, party building has an important bearing not only on the success of our party but also on the development of our nation and the future of our country. Since the CPC is now in the governing position, we should attach greater importance to and strengthen party building. So long as we successfully build our party, we will certainly be able to withstand all sorts of tests, including the test of governing the country and the test of reform and opening up, so as to establish ourselves in an unassailable position.

With regard to properly handling relations between inheriting traditions and updating concepts, Comrade Deng Hongxun said: While inheriting and developing the party's glorious traditions and fine style, we must also make great

efforts to emancipate our minds and update our concepts. In emancipating our minds and updating our concepts, we must rid our party members of bourgeois ideology as well as all sorts of obsolete and backward concepts that do not conform to development and construction, educate people to free themselves from the ideological shackles of natural economy or semi-natural economy, from the rigid mentality of product economy, and from the feudal or semi-feudal old customs and habits so as to cultivate all sorts of ideological concepts conformable to reform, opening up, and special economic region development and construction.

Yesterday's rally announced a decision made by the Hainan Provincial CPC Committee on commending advanced grass-roots party organizations, outstanding Communist Party members, and outstanding party affairs workers. A total of 100 representatives of advanced grass-roots party organizations, 100 outstanding Communist Party members, and 100 outstanding party affairs workers walked onto the rostrum amidst thunderous applause to receive the lofty honor given by the party and the people.

### On Improving Congresses

HK0907060691 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 7 Jul 91

[Text] A nine-day provincial seminar on the work of city and county people's congresses closed in Haikou yesterday afternoon [6 July]. Provincial Party Secretary Deng Hongxun attended and addressed yesterday's meeting, which was presided over by Provincial Conference of People's Representatives' vice chairmen Pan Qiongxiong, (Liao Enlu), Cao Wenhua, and Zheng Zhang. Responsible persons from people's congresses of all cities and counties, a total of over 50 people, attended yesterday's meeting.

The convocation of this seminar aimed at giving better play to the roles of organs of state power and permanent organizations in Hainan's various cities and counties, thus enabling them to consciously act in accordance with the law; correctly exercise their functions and powers; and fulfill the solemn missions entrusted by the Constitution and the law.

During the seminar, chairmen and vice chairmen of various city and county people's congresses studied the Constitution of the People's Republic of China; the Electoral Law of the National People's Congress and Local People's Congresses at All Levels [words indistinct]; and relevant directives of central leaders, such as Deng Xiaoping, Jiang Zemin, and Peng Zhen. Through studies, they mastered some common knowledge on China's system of people's congress, and understood the responsibilities, functions, and roles of the standing committees of local people's congresses. They also held earnest discussions and studies on how [words indistinct] exercise decision, supervision, selection, and appointment powers on major issues; strengthen self-building; improve work methods; and enhance efficiency

in work, so that the work of city and county people's congresses can be gradually perfected.

Secretary Deng Hongxun delivered a speech at the seminar's summing-up meeting, elaborating issues in six aspects, including further understanding the significance of the work of people's congresses; strengthening the party's leadership over people's congresses; supporting local organs of state power in exercising their functions and powers according to the law; and augmenting the self-building of people's congresses, especially that of their standing committees. He called on people's congresses at all levels to enhance their concepts of democracy and legal systems, and their sense of the state; correctly handle relations between authority and laws, between responsibilities and limits of authority, and between supervision and support; and strive to open up new prospects in the work of people's congresses.

### At Class on Jiang Speech

HK1007075391 Haikou Hainan People's Radio  
Network in Mandarin 2300 GMT 8 Jul 91

[Excerpts] Yesterday morning [8 July], a key theoretical study group under the provincial CPC Committee studied Comrade Jiang Zemin's important speech delivered at a rally celebrating the 70th anniversary of the CPC's founding. Provincial CPC committee, People's Congress, government, and Chinese People's Political Consultative Conference leaders who were in Haikou attended the study session. They were: Deng Hongxun, Liu Jianfeng, Bao Keming, Wei Zefang, Li Zhimin, (Wang Houhong), Pan Qiongxiong, Miao Enlu, Cao Wenhua, Zheng Zhang, Meng Qingping, Chen Suhou, Mao Zhijun, Wang Xueping, Yao Wenxu, Wang Yuefeng, Zhou Song, and others.

All participants unanimously maintained that Comrade Jiang Zemin's important speech comprehensively reviews the brilliant course of the party over the past 70 years, profoundly sums up our party's basic experiences in leading revolution and construction in China, expounds the dignified mission of contemporary communists, and forwards the basic demand of further strengthening party building during the new period, and building socialism with Chinese characteristics. It is a political manifesto of the central leadership of the third generation, which is collectively guiding the entire party to march toward a new goal. It is also an important Marxist document. Conscientiously studying and implementing the speech's spirit is greatly significant to unifying the thinking of the broad masses of Communist Party members, cadres, and people; strengthening our conviction in socialism; persisting in the party basic line; fulfilling the objectives of our province's economic and social development set by the fifth plenary session of the first provincial CPC Committee, and the fifth session of the first provincial Conference of People's Representatives, and building our big special economic zone [SEZ]. [passage omitted]

Running our SEZ well is of important strategic significance to realizing the four modernizations; demonstrating the superiority of the socialist system; carrying out the struggle against peaceful evolution; promoting the implementation of the one country, two systems principle; and exploring the way to build socialism with Chinese characteristics. Therefore, we should have a sense of mission and urgency for building our SEZ. We should be bold in going all out to pursue reform and opening up to promote Hainan's economy at an unconventional speed. This is a common aspiration and basic interest of the people of the whole province, and a main task of provincial party organizations at all levels.

Participating comrades also said: Because of our negligence in the building of spiritual civilization in recent years, ideological trends of bourgeois liberalization infiltrated society, and some ugly phenomena spread unchecked in the society. The image of our Hainan SEZ was adversely affected. They maintained that Hainan is a socialist SEZ rather than a political, or cultural special zone. We should pay attention to overcoming and preventing the tendency of stressing material progress at the expense of cultural and ideological progress. While making great efforts to develop material civilization, we should truly do well in promoting the building of spiritual civilization. We should always uphold the four cardinal principles, oppose bourgeois liberalization, and truly do well the work of fighting corruption and preventing degeneration. With regard to the plot of peaceful evolution by the Western hostile forces, we should maintain sharp vigilance against it. We should rectify the general moods of the society, and establish a good image for our SEZ. [passage omitted]

All participants stressed: In the face of rigorous trials, we should closely integrate the party political line with its political tasks, strengthen the party building in an overall manner, firmly remember our fundamental purpose of wholeheartedly serving the people, strengthen our conviction in socialism and communist ideals, build an iron and steel great wall for resisting hostile forces both at home and abroad and their plot of peaceful evolution, make efforts to enhance combat effectiveness of party organizations at all levels, and bring up and train successors to our socialist cause. We should also correctly deal with various kinds of new topics related to party building under the conditions of the SEZ, and concentrate our minds on truly turning our party into a staunch core of leadership in our large SEZ.

#### **Hainan First-Half Foreign Investment Increases**

OW0907065491 Beijing XINHUA in English  
0226 GMT 9 Jul 91

[Text] Beijing, July 9 (XINHUA)—Foreign investment increased substantially in Hainan Province in the first half of the year, with 188 new foreign-funded enterprises approved.

According to an official of the province's Foreign Economic Co-operation Department, the number of newly-approved enterprises has more than doubled that for the same period last year.

The official said that there are now a total of 1,575 such enterprises in the province with more than 600 million U.S. dollars in foreign investment.

The total output value of these enterprise in the first half of the year amounted to 203 million yuan and their export value to 20.28 million U.S. dollars.

The official also said that the total contracted investment, the contracted foreign investment and the realized foreign investment in the province in the last six months came to 329 million U.S. dollars, 173 million U.S. dollars and 58 million U.S. dollars, respectively, all several-fold increases over the figures for last year.

Among the 188 new foreign-funded enterprises, 134 are engaged in industrial or agricultural production. In addition, most of them are export-oriented and boast high technology.

Major projects in the province have managed to attract a smooth flow of foreign investment, including Sanya Airport with loans from France, the eastern Hainan highway and second phase of the Yangpu Port with Japanese loans and the sewage treatment plant in Haikou with German grants.

In May this year the Hainan Government approved a contract to lease about 33 hectares of land in Qionqshan County to the Washington investment group.

#### **Southwest Region**

##### **Liu Zhengwei at Guizhou Meeting on Jiang Speech**

HK0807122891 Guiyang Guizhou People's Radio  
Network in Mandarin 2200 GMT 2 Jul 91

[Excerpt] Yesterday morning [2 July], the provincial party committee standing committee called an enlarged meeting to study Comrade Jiang Zemin's important speech made at the rally to mark the CPC's 70th founding anniversary and assessed Guizhou's economic construction and reform and opening to the outside world against the speech. The meeting called on all localities to organize party members, cadres, and the masses to study Comrade Jiang Zemin's speech and set specific requirements for the work.

The meeting's participants held that Jiang Zemin's speech evaluated the CPC's basic experience gained in its struggle over the last 70 years; pointed out modern Chinese communists' solemn mission; expounded the theory, principles, and tasks set by the CPC for building up socialist economics, politics, and culture with Chinese characteristics; explained the overall importance of strengthening party building; and listed various tasks that should be properly accomplished.



To conscientiously study Comrade Jiang Zemin's important speech is of far-reaching historical and immediate importance to our socialist modernization construction, party building, and developing and revitalizing Guizhou.

The provincial party committee standing committee called upon all levels of party organizations and leading cadres to take an effective grasp of the following five tasks.

1. All localities should allocate a period of time to organize party members, cadres, and the masses to study Comrade Jiang Zemin's speech exactly as it is and assess work done locally against the speech to really grasp the essence of the speech. The speech should serve as a driving force to push forward our work in all fields.

2. All levels of party schools, schools for training managing cadres, and lecturing groups should regard Comrade Jiang Zemin's speech as an obligatory course in conducting socialist ideological education among cadres and the masses. Guided by this speech, they should mobilize and organize the masses to explore ways to solve new problems emerging in Guizhou's economic construction and reform and opening to the outside world.

3. Guided by the spirit of the speech, all localities should properly practice democratic centralism, persist in the party's principle of necessary centralization and unity, strengthen all levels of leading bodies politically and organizationally, carry forward the spirit of the Long March, and lead the masses to get rid of poverty and advance toward a fairly comfortable standard of living.

4. All levels of cadres should set an example in honestly performing official duties and wage a resolute struggle against the malpractice of abusing power for personal gain, [words indistinct], and corruption. It is necessary to stand the tests of being in power, reform and opening to the outside world, developing the commodity economy, and peaceful evolution, and to serve the people heart and soul, as demanded by Comrade Jiang Zemin.

5. Guided by Comrade Jiang Zemin's speech and centering around the central task of economic construction, all localities should select a number of advanced models and spread on a wide scale their meritorious deeds through the mass media such as newspapers, broadcasting stations, and television. While boosting the public's morale and launching the movement to study Comrade Jiang Zemin's speech in depth we should enable the masses to have examples to follow, increase their confidence, [words indistinct].

Provincial party committee Secretary Liu Zhengwei, Deputy Secretary Wang Chaowen and other provincial leaders spoke about what they had gained from studying Comrade Jiang Zemin's speech. [passage omitted]

### **Tibet's Hu Jintao Said Recuperating in Beijing**

HK0807141491 Hong Kong WEN WEI PO  
in Chinese 8 Jul 91 p 1

[Report by Peng Yaohua (1756 5069 5478): "Hu Jintao Recuperates in Beijing"]

[Text] Lhasa, 7 Jul (WEN WEI PO)—Raidi, Tibet Autonomous Regional CPC Committee deputy secretary, told this reporter about the whereabouts of regional party committee Secretary Hu Jintao. Raidi said that since Secretary Hu Jintao came to take office in Tibet, he has been in pretty bad shape, suffering from neurasthenia and insomnia due to overstrain in work; he had to return to Beijing to recuperate, and was hospitalized. Raidi said that he and Secretary Hu constantly keep in touch by telephone, and Hu Jintao gives him all-out support in his work. As to whether or not Secretary Hu will resume work in Tibet, it has not been decided yet.

### **Tibetan Economy Reported Developing Smoothly**

OW1007132291 Beijing XINHUA in English  
1230 GMT 10 Jul 91

[Text] Lhasa, July 10 (XINHUA)—The economy development in Tibet in the first half of this year has been encouraging, with varying increases in all major indices.

Statistics show that the total sown area in Tibet this year amounted to more than 210,000 ha, and more fertilizers and pesticides have been used. The standing crops promise a good harvest.

The total industrial output value amounted to 119.057 million yuan in the first half of the year, an increase of 15.1 percent over the same period last year. The production of cement, chromite ore, beer and electricity all registered increases to varying degrees over last year.

The value of foreign trade in Tibet increased by 43 percent to reach 20.2 million U.S. dollars.

## **Northwest Region**

### **Gu Jinchai Chairs Gansu Situation Report Meeting**

HK0907060591 Lanzhou Gansu People's Radio  
Network in Mandarin 2200 GMT 3 Jul 91

[Excerpts] Yesterday morning [3 July], the provincial party committee held a meeting of provincial cadres to report on the present provincial situation. Jia Zhijie, Yan Haiwang, and Wang Jintang reported on the present provincial economic situation, the situation concerning discussion and formulation of the provincial Eighth Five-Year Plan, the situation concerning party building and clean-government building, the social order comprehensive harnessing situation, and the present social order situation respectively. Provincial party committee Secretary Gu Jinchai presided over the report meeting.

Governor Jia Zhijie said: In the second half of this year, in carrying out economic work, we must make redoubled efforts to solve such problems as frequent natural calamities, lack of funds, deteriorating enterprise efficiency, insufficient financial revenue, and so on. [passage omitted]

Provincial party committee Deputy Secretary Yan Haiwang said: Since last year, party organizations at all levels across the province have persistently adhered to ideological education as the top priority and central link of party building work, attached great importance to the party's ideological building, theoretical building, and grass-roots organization building, stepped up the party's leading body building, and gradually established and perfected a variety of inner-party systems. The responsible comrades of the provincial party committee and government have taken the lead in implementing various specific clean-government building measures. [passage omitted]

Vice Governor Wang Jintang pointed out: In the next period, we must continue to adhere to the principle of combining crackdown with prevention, unswervingly implement all comprehensive harnessing measures to the letter, continue to deepen the struggle against six vices by concentrating our efforts on banning drugs, earnestly strengthen political and legal affairs workers' contingent building, and lay a solid foundation for our work in the fourth quarter of this year and for attaining this year's goals. [passage omitted]

### On Antipoverty Measures

HK0907060891 Lanzhou Gansu People's Radio  
Network in Mandarin 2200 GMT 8 Jul 91

[Text] During his fact-finding tour in Yongjing and Dongxiang Counties on 6-7 July, provincial party Secretary Gu Jinchi pointed out: Leaders at all levels should assist and guide different poor households in different ways in light of local conditions.

Yongjing and Dongxiang Counties are key counties in the construction of Lingxia Autonomous Prefecture, and also Gansu's poor counties afflicted by severe droughts. With poor natural conditions, the two counties are restricted by many objective factors, and poverty is a common problem there.

After visiting some poor households and listening to reports on the work of these two counties, Comrade Gu Jinshi said: Many factors lead to these two counties' poverty, and situations in different townships, villages, and households are not identical. This thus requires us to adopt different measures in light of different conditions. We should refrain ourselves from seeking a unified solution for diverse problems. In some localities, so long as they keep to the correct road and orientation, they are sure to pass the poverty line; while in others, new roads of getting rid of poverty have to be worked out first.

During his inspection tour, Comrade Gu Jinshi emphasized that leading cadres at all levels should attach importance to studying ways of getting rid of poverty,

and work out measures which suit the conditions of their townships and villages. They should go down among the masses and collect from them new roads and experience in getting rid of poverty.

### Shaanxi's Zhang Boxing on Developing Enterprises

HK0907080491 Xian Shaanxi People's Radio  
Network in Mandarin 2330 GMT 4 Jul 91

[Excerpts] Yesterday morning [4 July], the provincial CPC committee held a meeting in Xian attended by prefectural and city party secretaries to study economic work in our province, and in particular probe into the issue of developing township and town enterprises in our province, and further enliven circulation. At the meeting, provincial party Secretary Zhang Boxing made an important speech on the present economic situation in the province, developing township and town enterprises, invigorating medium and large-sized enterprises, and further emancipating our minds to promote reform and opening up.

In his speech, Zhang Boxing said: Because of conscientiously implementing the spirit of the Seventh Plenary Session of the 13th CPC Central Committee, strictly dealing blows at crimes, promoting reform and opening up, conducting a mass discussion on what Shaanxi should do, and extensively carrying out the activity of quality, variety and efficiency year in the economic sector since this year, an encouraging situation of development has occurred in various construction undertakings of the whole province. However, we should also realize that [words indistinct] many problems accumulated in economic work over the few years have not yet been solved. Therefore, we should actively invigorate medium and large-sized enterprises and vigorously develop township and town enterprises. This is the main direction of attack in our province's economic development. We should make great efforts to grasp industry well, promote technological progress, enliven circulation, and completely improve our industry and economy.

Zhang Boxing continued: We should implement more flexible and perfect guiding principles and policies to push the development of township and town enterprises in our province to a new level. We should continue to implement the guiding principle of the central authorities of actively assisting, rationally planning, providing correct guidance, and strengthening management. We should take economic efficiency as a center and take the road of promoting both lateral links and external contacts to maintain a certain speed of development. We should enhance collective enterprises, industrial enterprises, and enterprises which produce export products for earning foreign exchange. Our work focus should be laid on relying on science and technology, promoting both lateral links and external contacts, optimizing structure, improving management, and increasing quality to promote a sustained and stable development of township and town enterprises.

Zhang Boxing stressed: We should be determined to invigorate state-owned medium and large-sized enterprises [words indistinct]. The provincial CPC and government have decided that for a period of time to come, we will take greater actions to invigorate enterprises to improve external environment and deepen internal reform.

Zhang Boxing emphasized: In light of our province's weak economic links, this meeting will study special topics to work out feasible policies and measures. This is a matter of primary importance. We should emancipate our minds, update our concepts, rectify style, and speed up the pace of reform and opening up.

At yesterday's meeting, Bai Qingcai, provincial party deputy secretary and provincial governor, spoke on the

decision on several issues of enlivening circulation. He said: To enliven circulation, we should emancipate our minds and change our concepts. We should have a definite guidance thinking. We should further lift restrictions and tap potentials. We should strive to make a breakthrough in this regard. In the meantime, we should strengthen macroscopic control over market operation, and the work of organizing and leading it.

Leaders from the provincial CPC committee, provincial advisory commission, provincial discipline inspection commission, provincial people's congress, provincial government, and provincial Chinese People's Political Consultative Conference; leading cadres from relevant provincial departments, and cadres at and above prefectural and city levels from Jiangsu who are now working in the province also attended the meeting.



## Hong Kong

### Wu Xueqian Warns Against Political Opposition

HK0907080091 Hong Kong CHING PAO in Chinese  
 No. 168, 10 Jul 91 pp 12-13

[Article by Chen Wei-ming (7115 1792 0682): "Wu Xueqian Speaks on Criteria on Hong Kong People's Love for Hong Kong"]

[Text] News from Beijing claimed that China's Vice Premier Wu Xueqian, one of the authorized spokespersons on policy concerning Taiwan, Hong Kong and Macao as designated by Deng Xiaoping, attended a core meeting of the State Council's Hong Kong and Macao Affairs Office in early June where he spoke on the question of how to ensure a smooth transition, as well as the continuing prosperity and stability of Hong Kong.

### Hong Kong Politicians Oppose One Country, Two Systems

Wu Xueqian said: Some people in British political circle have persuaded and used certain politicians in Hong Kong to oppose the policy of one country, two systems which we will implement in Hong Kong after 1997. The performance of these people on stage and behind the scenes has become clear for all to see in the last few years. Their plan to use a few people in Hong Kong to stir up trouble according to their schemes, and use the "opinion poll" card to display their opposition will not amount to anything big or small. The "oppose anything from China" gimmick which they are engaged in is nothing new to us. We have already informed the British Government on certain diplomatic occasions that they should take note of the abnormal actions and incidents which may occur and affect the prosperity, stability and smooth transition of Hong Kong. The British side and the British Government in Hong Kong have indicated that they are keeping track of the situation in Hong Kong and that they will not allow individuals or political organizations to use Hong Kong as a place to engage in politics concerning the PRC or to carry out activities opposed to one country, two systems in Hong Kong.

Wu Xueqian went on: This point is very important. It is an extremely important prerequisite for the continuing prosperity and stability of Hong Kong, the preservation of its role as an international financial center, and the continued willingness of foreign businesses to invest in Hong Kong. Hence we should adopt measures to remove obstructions, create conditions and ensure that one country, two systems will be implemented after the resumption of sovereignty over Hong Kong on 1 July 1997.

### Earn Political Capital To Get Into Leading Group.

Wu Xueqian said: In recent years, a small number of politicians in Hong Kong, supported by foreign anticommunist, anti-Chinese forces, have attempted to convert Hong Kong into their ideal political venue for two obvious reasons: One is to sow discord in Hong Kong so

that a smooth transition in 1997 and the implementation of one country, two systems will not be possible in Hong Kong; another purpose is to earn political capital in order to get into the leading group of the special administrative region's government and continue their political agenda. Otherwise, they will stir up international incidents. This is their selfish plan, but I can say here and now that they will not only fail to achieve their aims but are being simply have overestimated their capabilities. People from Hong Kong's industrial, commercial and financial circles, professionals, top civil servants in the government, legislators and ordinary citizens have become more and more acquainted with the real face of this small group of politicians. I have spoken with a visiting delegation from Hong Kong as well as with people from various circles in Hong Kong, and have told them to relax and continue using their talents to promote the growth of Hong Kong, to expand their businesses, and make money for the sake of Hong Kong's prosperity.

### Love of Hong Kong Requires Support of One Country, Two Systems.

We also offer advice to those politicians: The fate of Hong Kong cannot be manipulated by a few politicians and foreign forces in Hong Kong. When they stir up trouble they should not forget that Hong Kong is a part of the PRC. Those politicians who have consistently opposed the Sino-British Joint Declaration, the Basic Law, one country, two systems, and the Chinese government, should restrain themselves a bit. In order to enforce one country, two systems effectively and safeguard the interests of people from all circles in Hong Kong, the central government and the future government of the special administrative region will not tolerate continued trouble-making by these politicians. If they can stop all actions against one country, two systems, the Basic Law and the central government, and join the 6 million people of Hong Kong in building a new Hong Kong, we will welcome them at that time. **The most basic thing about loving the motherland and loving Hong Kong is supporting one country, two systems and observing the Basic Law. This argument is easy to understand. Even Britain would not allow those political organizations and individuals openly opposed to the British Government, the British Constitution and system, to sabotage, disrupt and affect the normal operations of British government.** The United States, Britain, Japan, Germany, France and the Southeast Asian countries are also well aware that as an international financial center, Hong Kong will become a special administrative region belonging to the PRC and will pursue a capitalist system different from that in China. Naturally, they, too, will be opposed to political struggles.

At the meeting, Wu Xueqian expressed hope that the Hong Kong and Macao Affairs Office will continue with its work to make people from all circles as well as all sectors and industries in Hong Kong gain more understanding of one country, two systems and of the Basic Law, and make them realize that one country, two systems and the Basic Law constitute the basis for

protecting the fundamental interests of people of all circles as well as guaranteeing prosperity and growth in all sectors.

#### **XINHUA Spokesman Criticizes Liberal Activist**

HK1007024391 Hong Kong HONGKONG STANDARD  
in English 10 Jul 91 p 1

[By Stanley Leung]

[Text] China will refuse all contact with local liberal leader Martin Lee as long as he maintains an antagonistic stand against Beijing, a spokesman for the Hong Kong branch of the Xinhua News Agency said yesterday.

The spokesman for the de facto Chinese embassy in Hong Kong listed three obstacles to improved relations with the liberals.

He said Mr Lee should withdraw from the Hong Kong Alliance in Support of the Patriotic Democratic Movement in China, which was branded, subversive by Beijing after the June 4, 1989, crackdown.

He also said Mr Lee should give up his "antagonistic" stand towards the Chinese government and his opposition to the Basic Law.

With Beijing having more say in future Hong Kong affairs following the resolution of the airport project, the liberals have found the need to maintain dialogue with China.

A Chinese source said that in any event Beijing had no plans for contacts with the liberals before this September's election.

The source said Beijing was afraid liberal candidates might take advantage of contacts with Chinese officials to gain voter support.

A number of community leaders close to the liberals are said to have conveyed the party's wish for friendship to Chinese officials in Hong Kong.

A brief statement published in the two leading pro-Beijing newspapers did not mention Mr Lee's title.

Instead, the spokesman would only refer to him as Lee Chu-ming.

Mr Lee is a Legislative Councillor, chairman of the liberal United Democrats of Hong Kong [UDHK] and an executive committee member of the Hong Kong Alliance.

The XINHUA statement is apparently in response to Mr Lee's recent statements that the UDHK welcomed dialogue with Beijing.

Commenting on the XINHUA statement, Mr Lee said yesterday he would not resign from the executive committee of the Alliance before the next annual general meeting scheduled for September.

"I intend to remain a member of the Alliance and whether I will seek reelection to the executive committee (at the next annual meeting) is too early to say," Mr Lee said.

#### **CPPCC Studies Motion on 'Libellous' Journals**

HK1007031291 Hong Kong HONGKONG STANDARD  
in English 10 Jul 91 p 10

[By Cheung Po-ling]

[Text] The Chinese People's Political Consultative Conference [CPPCC] yesterday received the motion tabled by He Xin which called for powers to take action against "libellous" Hong Kong publications.

When contacted by the HONGKONG STANDARD yesterday, an official of the CPPCC confirmed the motion had gone before the conference, but added that an official response would still be some time away.

Mr He's motion, submitted in May, singled out five Hong Kong magazines MIRROR MONTHLY [CHING PAO], PAI SHING, THE NINETIES [CHIUSHIH NIENTAI], OPEN [KAIFANG] and CHENG MING, accusing them of spreading "rumours" and "libels" against Chinese senior leaders and political figures since June 1989.

He claimed his own reputation had been tarnished by the "derogatory" reports "fabricated" by the publications.

Taking into account the many international laws to protect a person's reputation, Mr He called on the Chinese courts to extradite the accused to face trials in China.

In an interview with the HONGKONG STANDARD yesterday, Mr He said he was poised to take legal actions against some of the publications by means of Chinese Administrative Procedure Law.

"Under the law, a citizen could bring a suit before courts if his rights or interest have been infringed, even when such case takes place in a foreign country," said Mr He.

"Although there is no precedent on similar case before, I shall consult my lawyer for future actions.

"Some Hong Kong publications understand that the different legal systems between Hong Kong and the mainland would make prosecution across the two sides impossible, so they dare to disseminate the rumours in such a public way.

"Despite the technicalities between two legal systems, I am confident such a problem would be resolved some day as China continues its open door and reform policy."

"But," said Mr He, "the Hong Kong press should not publish articles with personal attacks, they could attack my viewpoints but not myself."

**Role of XINHUA Hong Kong Office Examined***HK1007031691 Hong Kong HONGKONG STANDARD in English 10 Jul 91 p 2*

[Text] The local branch of the Xinhua News Agency has developed from a mere news agency to a representative office, the agency's deputy head of social work said yesterday.

In the first public comments on the role of the People's Republic's de facto embassy, the official attempted to debunk the mystery, and "misconceptions" surrounding the agency.

The speech also appeared to be an attempt to bolster confidence in the agency, both here and in Beijing.

The power of the agency had diminished since the unauthorized flight to the United States of former local Xinhua chief Xu Jiatun only months after he was relieved of his post last year.

Speaking at a lunch meeting yesterday, Mr Cheng [single name as published] said the transformation from new agency to representative office happened in three stages.

"When established in May 1947, before liberation in the mainland, the news agency was purely a news institution to release information about the then liberated region centred at Yanan," he told an audience of about 30 young professionals.

Mr Cheng said the second stage followed the communist takeover in 1949, at which time Xinhua became more of a representative of China's foreign ministry in Hong Kong.

The third stage followed the signing of the Joint Declaration in 1984 when Xinhua began to develop contacts with Hong Kong people as well.

"We were first approached by the civil servants who were worrying about their status after 1997. Since then, the news agency gradually developed contacts with other social sectors," he said.

Mr Cheng, however, did not elaborate on the functions and responsibilities of the various departments housed at its headquarters in Queen's Road East, Happy Valley.

**Proposed TA KUNG PAO Director 'Suspended'***HK0307114791 Hong Kong HONGKONG STANDARD in English 3 Jul 91 p 3*

[By Cary Huang]

[Text] A reform-minded journalist from Shanghai, who was scheduled to take over the Beijing-affiliated Hong Kong newspaper TA KUNG PAO, has recently had his assignment suspended.

Zhou Ruijin, party secretary and deputy editor-in-chief of the LIBERATION DAILY in Shanghai, was assigned last May by the Organization Department under the

party Central Committee to replace Yang Qi as director of TA KUNG PAO. Mr Yang is due to retire.

Mr Zhou was originally scheduled to arrive in Hong Kong early last month. However, he received a notice from the Organization Department recently that his scheduled assignment was suspended, said sources in Shanghai, adding that no reason was given for the decision.

The suspension of the scheduled posting of a reformist to Hong Kong, according to some observers, may represent attempts by hardline leaders in Beijing to tighten their grip on the mainland mouthpieces in Hong Kong.

A Chinese source said premature leakage of Mr Zhou's assignment and his portrayal as a reformist in the local news media might have done him a disservice.

In contrast to the fate of Mr Zhou, another reform-minded propagandist from the mainland has quietly taken up his assignment here.

Li Zouxing, former deputy editor-in-chief of YANGCHENG EVENING NEWS in Guangzhou, has been posted to key press position in the territory.

He arrived in Hong Kong recently and is to succeed Mr Zhao Zelong as deputy editor-in-chief of TA KUNG PAO and editor-in-chief of the NEW EVENING POST. Mr Zhao is due to retire.

Beijing has announced the establishment of the Information Office under the State Council whose responsibilities would include coordination work on overseas propaganda.

Since the June 4 crackdown on pro-democracy students, Beijing has been cautious in selecting cadres to fill vacancies of the mainland media following the retirement of veteran journalists.

**Commentary Warns Government on Insider Trading***HK0407011691 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0731 GMT 1 Jul 91*

["Commentary: Hong Kong Government Should Take Note of Alleged Insider Trading in Hong Kong Market"—ZHONGGUO TONGXUN SHE headline; by Yu Cheng (6735 2052)]

[Text] Hong Kong, 1 Jul (ZHONGGUO TONGXUN SHE)—Shortly before and after the Hong Kong Association of Banks raised and cut interest rates in May and toward the end of June, some British or Hong Kong-funded corporations were engaged in a speculation spree in the Hang Seng Index Futures, Hong Kong dollar exchange, and interest rates and walked away with handsome profits. They have been reported to have conducted advanced trading on the strength of insider information. The Hong Kong Government obviously must take note of and discontinue the practice of individual corporations profiting from confidential insider information in order to avoid causing disequilibrium among banks and in the stock market.



This advanced trading by individual corporations was "quite accurate" in terms of "timing," casting doubts on the degree of fairness in the investment market. As a matter of fact, when the Hang Seng Index of the Hong Kong Stock Market rose to a high of 3,917, the futures remained 10 to 20 points bullish. Two days later, however, a certain corporation bought low despite confidence on the market; and the exchange volume of futures sharply rose to over 3,000.

As if by coincidence, on the very same day a banking corporation suddenly rolled out U.S.-dollar telegraphic transits to procure Hong Kong dollars, at the same time selling three- and six-month Hong Kong dollar futures, which had the same effect as selling U.S.-dollar telegraphic transits. This banking corporation enjoyed a solid Hong Kong dollar basis, and its sudden, heightened bid for more Hong Kong dollars was noteworthy. Reliable sources close to the Hong Kong Government revealed that shortly before these two corporations sold their Hang Seng futures and U.S.-dollar telegraphic transits, the Executive Council held a meeting to discuss curbing inflation, and among the ways discussed was an administrative decree instructing the bank association to hike the interest rate by one percent.

An interest rate hike would impact favorably or unfavorably on Hong Kong stocks. And there actually was a corporation and a banking corporation which could, respectively, buy low on the futures and procure large volumes of Hong Kong dollars two days before the bank association moved to cut interest rates. As the market showed no signs of reversal, it does seem that such actions were prompted by some factors. After the bank association increased the interest rate, doubts began to emerge among banks and in the stock market that there may have been cases of insider trading. But in the end there was not any official confirmation.

In any case, while many banks and investors were badly hurt by the divergence between China and Britain over Hong Kong's new airport and the rate hike by the bank association, these two big corporations made incredible profits. A similar situation occurred toward the end of June. Shortly after the same two corporations bought high on the futures and swallowed up U.S.-dollar telegraphic transits and dumped Hong Kong dollars, the bank association cut the interest rate. Such perfect timing obviously was beyond the power of ordinary firms, especially when it happened twice within a short time.

The current general dissatisfaction in the market consists of two areas: 1) Hong Kong Government high levels ordered banks to hike, then scale down, interest rate by one percent within a month's time, thus making it difficult to curb the two-year long inflation while creating great confusion and inconvenience in the market. 2) The reported insider information dealing involving two big corporations has created great injustice in the market. The Hong Kong Government used to be very active in cracking down on insider dealings among Hong Kong-funded small brokers and medium and small firms

quoted on stock exchange. Will it attach to the reportedly similar practices by big corporations the same great importance as it did in the past?

One of the reasons for the rapid development of Hong Kong's economy and investment market over the years has been the relatively sound ordinances and foundation and proper supervision by the authorities. If the conjecture of the reported insider trading in May and June is confirmed, the reputation of Hong Kong's economic and banking operation may be damaged to a certain extent.

#### **Rapid Trade Growth With Mainland Reported**

HK0307131091 Hong Kong ZHONGGUO TONGXUN  
SHE in English 1025 GMT 3 Jul 91

[Text] Hong Kong, July 3 (HKCNA)—Trade between Hong Kong and the Mainland has been rapidly developing, with the mere U.S.\$200 million in trade volume between the two places in the 1950s jumping sharply to some U.S.\$3.5 billion in 1979 and to U.S.\$34.5 billion in 1989, a rise of nearly 9 times over 1979, with an average annual growth of more than 20 percent.

Four major characteristics can be seen in the present trade between the Mainland and the territory.

First, trade between the Mainland and Hong Kong has made up an increasing proportion of their respective trade volumes. The Mainland's trade volume with the territory rose to 30.9 percent of the former's foreign trade volume in 1989 from 12.1 percent in 1979. Hong Kong's trade volume with the Mainland also increased to 23.8 percent of its gross foreign trade volume in 1989, up from a mere 11 percent in 1979.

Second, the Mainland showed improvement in the structure of its exports to Hong Kong. The proportion of primary products exported to the territory dropped to 13.4 percent in 1989 from 18.5 percent in 1987. Textiles and garments, though topping other exports from the Mainland, saw a decline in proportion with 24.6 percent in 1989 from 26.2 percent in 1987. The proportion of Mainland exports of light industrial products and mechanical-electrical products including metal goods posted a steady increase.

Third, petrochemical raw materials and mechanical-electrical products imported by the Mainland from Hong Kong registered a sharp rise. Imports of petrochemical products showed a growth of 87.3 percent in 1989 compared with 1987, topping other imports from Hong Kong. The rise of imports of mechanical-electrical products was 72.9 percent for the same period.

Fourth, reexport trade saw a sharp rise. Mainland exports via Hong Kong accounted for 95.7 percent of exports to the territory in 1989, while imports by the Mainland via Hong Kong made up 70.5 percent of the products imported from Hong Kong.

The rapid growth in reexport trade is related to enlarged investment in the Mainland by Hong Kong businessmen

in recent years. As of the end of 1989, the number of enterprises in the Mainland invested directly by Hong Kong businessmen was 16,591. The pledged Hong Kong capital was valued at over U.S.\$22 billion with actual investment of nearly U.S.\$10 billion.

## Macao

### Macao Basic Law Drafting Committee Meets

OW0807092291 Beijing XINHUA in English  
0805 GMT 8 Jul 91

[Text] Beijing, July 8 (XINHUA)—The chairman and vice-chairmen of the Committee for Drafting the Basic Law of the Macao Special Administrative Region (MSAR) held a meeting in Beijing today.

The meeting decided that the seventh session of the Committee for Drafting the Basic Law of the MSAR will be held in Beijing from July 9 to 13. The major item on the meeting agenda is to discuss, approve and publish a draft of the Basic Law for soliciting opinions. Today's meeting, presided over by the committee chairman Ji Pengfei, also discussed Ji Pengfei's speech to be delivered at the upcoming seventh session, the explanation on the draft of the Basic Law for soliciting opinions, and suggestions on ways to award the designers of the future MSAR flag and emblem.

Attending the meeting were also Vice-Chairmen Hu Sheng, Wang Hanbin, Ma Man Kei, Lei Jieqiong, Qian Weichang, Xue Shousheng, Li Hou, Guo Dongpo and Secretary General Lu Ping.

### Drafting Enters 'New Stage'

OW0907091591 Beijing XINHUA in English  
0829 GMT 9 Jul 91

[Text] Beijing, July 9 (XINHUA)—The committee for drafting the Basic Law on the future Macao Special Administrative Region (MSAR) opened its seventh session in the Hong Kong Macao Center here today.

The session will discuss and approve decisions on making public the draft of the MSAR Basic Law for soliciting opinions, and on work to seek opinions on the draft of the Basic Law.

Addressing the opening meeting, the Committee Chairman Ji Pengfei said that the draft was drawn up following six plenary sessions of the committee, 13 meetings of the committee's chairman and vice-chairmen and 50 meetings of the committee's special groups, which had all been held since work to draft the Basic Law began in October, 1988. "The drafting work has entered a new stage," he said.

He said that satisfying results have been achieved thanks to the earnest and serious attitude adopted by all the members of the law drafting committee and their wisdom and pains-taking efforts.

The drafting committee has won great support from the consultative committee for the Basic Law of the projected MSAR, Ji said, adding that in the past two years the consultative committee offered many valuable suggestions to the committee for drafting the Basic Law. Many of these suggestions have been written into the draft of the Basic Law for soliciting opinions, he noted.

Ji expressed gratitude to the consultative committee on behalf of the committee for drafting the Basic Law, adding that he hopes the consultative committee continue to support the drafting committee in collecting opinions on the draft in the next stage.

The meeting heard reports given by the five special groups of the committee concerning relations between the central government and the MSAR, residents' basic rights and obligations, political system, and economic, cultural and social affairs in the MSAR.

Lu Ping, secretary-general of the drafting committee, presented an explanation on the draft of Basic Law for soliciting opinions at today's meeting.

The participants will have panel discussions on the draft of the Basic Law for soliciting opinions during the session, which is scheduled to end July 13.

Also among the 41 committee members attending the meeting were Vice-Chairmen Hu Sheng, Wang Hanbin, Ma Mankei, Lei Jieqiong, Qian Weichang, Xue Shousheng, Li Hou and Guo Dongpo.

### Sino-Portuguese Land Meeting Held

OW0507121691 Beijing XINHUA in English  
1045 GMT 5 Jul 91

[Text] Macao, July 5 (XINHUA)—The eighth meeting of the Sino-Portuguese Land Group was held here today.

A communique issued after the meeting said the two sides have reached an agreement concerning the principles of land disposal including land disposal plan's submitting and approval.

The two sides also agreed that the Macao Portuguese Government will grant 35 hectares of land in 1991 of which 24 hectares are for residential and commercial use, five hectares for industrial use and six hectares for other purposes.

The meeting proceeded in an atmosphere of friendly cooperation and sincerity, the communique said.

**Mainland Will Not Finance Macao Airport**

HK0907060491 Hong Kong WEN WEI PO  
in Chinese 9 Jul 91 p 12

[By Tseng Chun (2582 6511): "Macao Should Solve Issue of Building Airport by Itself"]

[Text] Beijing, 8 Jul (WEN WEI PO)—When asked by this reporter about the issue of Macao airport, Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, said this morning that the key to the

Macao airport lies in funds, an issue which should be resolved by the Macao Government.

Lu Ping said that the Hong Kong airport issue has been settled. The situation of Macao is different from that of Hong Kong because Hong Kong has funds to build an airport, but Macao does not. The Chinese Government cannot finance the Macao airport. As the airport is being built by Macao, the question should be resolved by Macao itself. Beijing will also not serve as a guarantor.



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